

**U.S. NATIONAL SECURITY INTERESTS IN UKRAINE**

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**HEARING**

BEFORE THE

**COMMITTEE ON FOREIGN RELATIONS  
UNITED STATES SENATE**

ONE HUNDRED EIGHTEENTH CONGRESS

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## **U.S. NATIONAL SECURITY INTERESTS IN UKRAINE**

**WEDNESDAY, NOVEMBER 8, 2023**

U.S. SENATE,  
COMMITTEE ON FOREIGN RELATIONS,  
*Washington, DC.*

The committee met, pursuant to notice, at 10:00 a.m., in room SD-419, Dirksen Senate Office Building, Hon. Benjamin J. Cardin presiding.

Present: Senators Cardin [presiding], Menendez, Shaheen, Coons, Murphy, Kaine, Merkley, Booker, Schatz, Van Hollen, Duckworth, Risch, Rubio, Romney, Ricketts, Paul, Young, and Barrasso.

### **OPENING STATEMENT OF HON. BENJAMIN L. CARDIN, U.S. SENATOR FROM MARYLAND**

The CHAIRMAN. The Senate Foreign Relations Committee will come to order.

Although the headlines may be focused elsewhere, brave determined Ukrainians are still battling to defend their homeland against Russian troops. They are fighting not only for their country, but on the front lines against one of the world's most dangerous aggressors.

On this side of those headlines the United States and Europe are standing with Ukraine. On the other side is a network of American adversaries working to undermine the ideals of rules-based international order.

Two of the most dangerous and brutal dictatorships in the world, Iran and North Korea, have joined forces with Putin to support Russia's war efforts, Iran by building factories in Russia to pump out new drones, North Korea by sending munitions to help Putin rearm his forces. At its core this is a war of ideals.

Ukraine is fighting for freedom and the right to choose their own destiny through democratically-elected institutions. Russia is not only fighting to erase the Ukraine nation as we know it. If Putin succeeds, he will be turning back the clock on international law around the world.

The stakes could not be higher. With time of the essence I want to thank all of our witnesses for appearing before us today. I know that each of you and your teams are doing incredible work in the face of very challenging circumstances.

I hope this hearing provides a chance to talk about why Russia's war of aggression in Ukraine remains an urgent and dangerous threat to United States' security interests, why the partnership between the United States and Ukraine is so critical, and why the

Senate must pass supplemental funding for Ukraine along with Israel, Taiwan, and other priorities.

This supplemental funding will strengthen governance and anti-corruption assistance. It will improve the resilience of our economies and our energy supply. It will support efforts to come out on the other side of this war ready for Ukraine to join EU and also NATO.

This investment in Ukraine goes far beyond its borders. By degrading Russia's military capabilities, we are also degrading the capabilities of those who Russia works with like Iran, Hamas, and Hezbollah.

We see these actors in concert, not in isolation, which is why we need to consider the whole supplemental package.

In short, providing this funding is not a case of assistance or charity. Without any American troops on the ground, Ukraine fighters have already exposed Russia's weaknesses and its failures. Continued funding is vitally important for our partners, for our allies, and for reaffirming America's leadership.

Moreover, the Biden administration has been very careful with the American taxpayer dollars we have invested thus far in Ukraine. U.S. personnel on the ground in Ukraine are focused on oversight including three inspector generals.

Last week, Ambassador Brink told *Fox News* that no American-provided assistance including security assistance, humanitarian assistance, or direct budgetary support has been used for anything other than its intended purpose.

Finally, helping Ukraine strengthens America's credibility with our allies. It shows our partners we are reliable to stand by their side when times get tough and it puts the United States on the right side of history, defending the liberty and sovereignty of Ukraine in the face of brutal unprovoked Russian aggression.

To our witnesses, I hope you will tell us your thoughts on the importance of passing a supplemental funding request, the urgency of passing that, and the importance to the United States security interest.

I am optimistic we are going to pass a supplemental, but I would like to hear what you think the effects of the delay would be. I look forward to your testimony.

Let me turn it over to my friend and my colleague, Senator Risch.

**STATEMENT OF HON. JAMES E. RISCH,  
U.S. SENATOR FROM IDAHO**

Senator RISCH. Thank you very much, Mr. Chairman, and to the witnesses I want to join the chairman in thanking you. You have an important job in helping everyone come together on this issue and do what is right for the American people and for national security.

It is important for this committee and the American people to fully understand how Russia's war in Ukraine affects American security. This is different from simply making the case for supporting Ukraine as it fights for freedom.

This is a balancing matter that all of us who work in national security must work towards. We are not and we cannot be the policemen of the world.

On the other hand, it is also important that we always keep an eye on what is happening in other countries, particularly with countries friendly to us and ones who enter into defense agreements with us.

It is incredibly important. We all know there is a number of wars going on in the world. We are not participating in the vast majority of them, but we do have to participate when our national security demands it.

I hope our witnesses can be crystal clear with us about the realities on the ground in Ukraine and what a Russian victory would mean for America's national security and economic prosperity.

I hope you will talk about our defense agreements and the importance of those defense agreements and the alliances that we make and how those alliances affect our national security and how our reputation affects how those defense agreements are carried out.

There is global competition for power and influence. Russia, Iran, and China are all trying to weaken the United States and are intent on dominating regions that are vital to our interests—Europe, Middle East and Asia.

In that vein, I hope you as witnesses can lay out Russia's linkages with Hamas and Hezbollah and the deepening ties among Russia, Iran, and China.

It is more and more evident that our enemies are working together against the United States and our allies. They have the same basic goal, to undermine American leadership and eliminate the basic freedoms that help the entire world prosper.

The attacks against Israel have highlighted the connection between these actors. The Biden administration has refused to enforce sanctions against Iran, which has allowed more than \$80 billion to flow from China to Iran.

This money Iran has used not to help its people, but to finance weapons given to Hamas and to Russia. Russia has helped Iran improve its drones and missiles, the very weapons used against Israelis and Russia's proxy, Wagner, has offered to equip Hamas.

We cannot help Israel without confronting these realities. Sadly, the Administration thought it could embrace Iran, failed to enforce Iran oil sanctions and unfreeze funds with no impacts on our efforts in Ukraine and in Russia. No wonder Iran felt free to send weapons to Russian warehouses.

Chinese purchases of Iran oil and Russian gas help both countries to circumvent international sanctions and increasingly we are seeing growing alignment between these actors in multilateral meetings as they present themselves as a credible alternative to the West.

The Administration should connect these dots and synchronize strategies, but such connections have been really lacking in recent years. I have been asking the Administration for some time now to clearly articulate with details its goals in supporting Ukraine.

The American people deserve this clarity and yet we have not heard it. We need details and reasons and I hope you will provide that today.

I hope to hear a frank assessment of success and failures on both the Russian and Ukrainian sides and the layout of the military capacities and the needs of both sides. You need to paint a clear picture of how and what Ukraine needs to win this war and explain the President's requested supplemental package, how it is designed to address those needs and help them achieve their goal.

I have been very satisfied with the quality and the level of oversight that we, the U.S. Government, has had over our aid to Ukraine. I am, however, very much unhappy with the way that has been not produced to the American people and I would hope you will talk a little bit about that.

Members of this committee held a meeting with the inspector generals who laid out for us what they have done from the beginning and that their efforts are incredibly well done.

Corruption with U.S. dollars will not be tolerated and I am glad to see detailed information that gives me confidence that our money is being used appropriately. The IGs provided that information.

Technology and new approaches to oversight have also allowed the U.S. military to maintain unprecedented levels of accountability over our weapons. Inspectors general from State, USAID, and the Defense Department had been very open with this committee about their investigations and we should all thank them for their work.

The United States faces grave risks and the world is going to become more dangerous. We are seeing multiple independent threats to U.S. national security converging. In the case of Russia and Ukraine, I fear the Administration has no plan and if there is one, it is long past time that we heard it.

I sincerely hope you will fully address these concerns in your discussions today.

With that, Mr. Chairman, I yield back to you.

The CHAIRMAN. Let me thank Senator Risch.

I hope you can take from our opening comments that the two of us are committed to do everything we can to help Ukraine and to provide the type of assistance and leadership in the United States to demonstrate that not only to Ukraine, but to the international community.

I look forward to working with Senator Risch and the members of this committee in order to—for our actions to reflect that objective.

We have three witnesses today. I want to first thank each of them for their public service, their commitment to what they do, and they are extremely engaged and spending a great deal of their efforts to help America and we thank you very much for that.

Your entire statements will be made part of our record. We will ask that you try to summarize in about 5 minutes.

Let me introduce you in the order in which you will present your testimony.

First, Assistant Secretary of State for European and Eurasia Affairs James O'Brien. Assistant Secretary O'Brien assumed his role just last month after serving as sanctions coordinator at the State Department.



He is a former career employee of the Department, receiving numerous performance awards and served two previous U.S. administrations as Special Presidential Envoy for hostages and for the Balkans. His long and successful career has allowed him to hit the ground running.

Next would be Assistant Secretary for Energy Resources Geoffrey R. Pyatt. No stranger to this committee, career diplomat Assistant Secretary Pyatt has been in his current role since September 2022. He served as U.S. Ambassador to Greece and Ukraine. He has held numerous leadership positions throughout the Department and won numerous awards.

Our third witness is Assistant Administrator Erin McKee who serves as the Assistant Administrator in the Bureau of Europe and Eurasia at USAID. Prior to this position she was the U.S. Ambassador to Papua New Guinea and to the Solomon Islands.

Prior to her ambassador appointments as a member of the Senior Foreign Service she served in numerous leadership roles throughout USAID and the embassies abroad. Before her U.S. Government career, she developed private sector experience including throughout the former Soviet Union.

We will start with Secretary O'Brien.

**STATEMENT OF HON. JAMES O'BRIEN, ASSISTANT SECRETARY, EUROPEAN AND EURASIAN AFFAIRS, UNITED STATES DEPARTMENT OF STATE, WASHINGTON, DC**

Mr. O'BRIEN. Thank you, Mr. Chairman and Ranking Member, for the strong statements of support. I will try to address four questions that I hope will lay the framework for what we are discussing today and provide some detail.

The first is why Ukraine, and I think you have begun to touch on this, but it is—Ukraine is a place where we are on the cutting edge of freedom today. Since World War II, America has worked to widen the range of freedom, but also of stability on the European continent.

This is the base from which we work around the world along with our allies in Korea, Japan, Australia, New Zealand. This is stability as opposed to the 100 years before we began this effort when Europe was a source of instability that forced America into two world wars.

It is also about standing up for core human values. These are not just lines on a map. Ask the citizens of Bucha and Irpin about the torture and human rights abuses they suffered or the children stolen from their parents in the areas Russia seeks to annex.

With all of those things we feel it is very important we work there and we work in Ukraine, but this is also the core foundation of America's strength around the world, the coalition that we are leading with regard to Ukraine and that Ukraine hopes to join.

That is the basis from which we will confront threats to the international order, whether they emanate from the European space or the Indo-Pacific space, going forward. If we turn our backs here, we are turning our backs on those who would confront us around the globe.

Secondly, how does what we are discussing now help Ukraine win? Well, there will be in other settings—maybe classified settings

to discuss military tactics, but it is clear President Putin is now playing a waiting game. He thinks if he can wait for our elections or for Ukraine to get tired that then he can survive.

As Secretary Blinken said today, what we need to do are several things at the same time. We need Ukraine to continue fighting and thrive while this war goes on and to soften Russia's hold on parts of Ukraine so that when the decisive battles come they are able to fight effectively.

How do we do that? Well, the supplemental we have proposed goes for through the end of our fiscal year in the fall of 2024 and sets Ukraine up to thrive through 2024.

It also provides an answer to the all-out war that Putin is waging against Ukraine. Let me just offer one example. This is around the Black Sea and Crimea.

Ukraine has, through its own ingenuity and with weapons that have been provided, loosened Russia's grip. Russia tried to blockade the ability of Ukraine to export, but now Ukraine is starting to export more grain, more metals, and this is enabling it to pay for more of its war itself.

Just a few numbers as we go through this. Ukraine is hoping to get about 8 million tons of grain and metals out through the Black Sea over the course of the next year. If it does that it will provide about \$5 billion to \$6 billion more for its tax base than it has now. That helps to make up the shortfall that our supplemental will cover for the meantime.

It also then provides the employment for millions of its citizens to work within Ukraine. Now, that is a path to victory where we help Ukraine by providing assistance to have its energy grid strengthened, air defense over its employment centers and the export routes it needs so that it is able to fight this fight over the long term and to hold Russia off thereafter.

The military assistance in the supplemental is about \$45 billion. That goes to acquire American equipment that Ukraine will then use to pay for American service people to support Ukraine and to pay other countries to acquire American equipment after they provide equipment to Ukraine.

The direct budget support that we provide to Ukraine enables Ukraine to put all of its tax dollars to support the war. Ukraine pays for about 60 percent of the costs of this war right now.

The direct budget support pays for hundreds of thousands of educators, first responders, firefighters, and health care professionals to work within Ukraine. That is what the supplemental does.

Who wins if we do not do this? President Putin says if we walk away Ukraine falls in a week. As you both mentioned in your opening statements, President Putin has hosted Hamas recently in Moscow, the President of the DPRK, and he has visited China. That is the coalition that is against us. That is who wins if we walk away.

The next question is who is with us. We have more than 40 countries. They provide much more assistance to Ukraine than we do. It is about \$91 billion to our \$70 billion so far. They have hosted 4.5 million Ukrainian refugees at a cost of around \$18 billion.

They are proposing another \$50 billion in assistance just from the European Union. That is who is with us. That is our foundation

for global reach and that is who we have to stand with as we go forward.

Mr. Chairman and Ranking Member, I have always been taught if you leave when a job is half done you are going to have to go back and do it again. Right now Ukrainians are willing to do this job because it is in their territory.

If we abandon them then somebody else is going to have to do this job later and it is likely to be us. I would rather confront Russia and its destabilizing attitudes right here, right now and we can finish the job with the supplemental that we have proposed for your consideration.

Thank you, and I look forward to the questions.

[The prepared statement of Mr. O'Brien follows:]

#### **Prepared Statement of Mr. James O'Brien**

Chairman Cardin, Ranking Member Risch, distinguished members of the Committee: When Putin launched his full-scale invasion of Ukraine on February 24, 2022, he was not just attacking a neighbor, he was testing the world's resolve to defend the most basic of principles: that sovereign nations cannot have their borders changed unilaterally by others, that dictators cannot be allowed to punish countries for seeking closer ties with the United States and other democracies, that the United States will stand up when the freedom of our friends and Allies is threatened. The United States and our friends and Allies have joined together to help Ukraine fight off Russia's invasion because we know that if Putin is not defeated in Ukraine, he will not stop in Ukraine. If he is not stopped in Ukraine, he will not be the only one we will need to stop. That is what is at stake.

For almost 2 years, the Ukrainian people have not only fought against the Russian invasion, they are retaking land Russia seized in its initial onslaught. The campaign to take back Ukrainian territory has been dramatic at times—as it was when Ukrainian forces routed Russian forces in Kharkiv last fall—but it has more often been painstaking and hard-fought—as we are seeing in Zaporizhzhya today. But make no mistake: the strategic momentum is with Ukraine. With the assistance that we and others have provided, Ukrainian forces are making their way forward, perhaps slowly but most definitely. Ukrainian forces have used Western weapons to great effect against Russian forces: Ukraine has liberated a significant part of its territory initially seized by Russia. It destroyed thousands of Russian tanks and combat vehicles as well as hundreds of aircraft, and Russia has suffered a significant loss of combat power.

Our assistance in this war is has a significant impact—and Putin knows it. The only “hope” for Putin—and other would-be aggressors—is that the United States will falter, lose focus, and forget that what happens to Ukraine matters for our own security and pre-eminence. For that reason, both our friends and our foes are watching Ukraine and drawing lessons about American power and resolve.

That is why the extraordinary bipartisan support of Congress and the American people for Ukraine matters so much.

Ukraine's fight for freedom does not occur in isolation. There are clear links between the conflicts in Ukraine and the Middle East. Both represent brutal assaults by actors determined to wipe democracies off the map. Both are worsened by Russia's increasing dependence on military supplies from, and willingness to share advanced military technology with, Iran and the DPRK as well as dual-use technologies from PRC entities. It would be a serious mistake to underestimate the ramifications of our withholding support from Ukraine now to our reputation among European and NATO Allies, and our partners in Asia and the Middle East. Allowing Russia to prevail in Ukraine would embolden both Moscow and Tehran, as well as America's other adversaries and competitors such as the PRC, as they calculate the costs and consequences of future acts of aggression.

The United States is also not alone in supporting Ukraine. American leadership has motivated more than 50 countries, with European allies at the fore, to contribute significant, sustained support to Ukraine. In fact, European countries now provide two-thirds of Ukraine's budget support, nearly half of the humanitarian assistance to Ukrainians, and billions more to welcome 5.8 million Ukrainian refugees hosted by European countries. Our leadership is the essential, indispensable ingredient.

As we provide assistance to Ukraine, we should be mindful of the impact here at home. We have charged our own defense industrial base to step up munitions production across the country, resulting in increased defense capacity and higher U.S. employment. When we send Ukraine equipment from DoD stockpiles, we then replace it with newer, even more effective equipment—equipment that defends America and is made in America. Patriot missiles for air defense batteries, made in Arizona. Artillery shells manufactured in 12 states across the country, including Pennsylvania, Ohio, and Texas. The overall supplemental request invests more than \$50 billion in the American defense industrial base, expanding production lines, strengthening the American economy, and creating hundreds of new American jobs. Specifically, a \$44 billion Defense Department request would result in up to \$30 billion going to buy American-made weapons for Ukraine and to replenish our stocks, \$5 billion would support our troops deployed overseas, and \$2.7 billion would expand U.S. production capacity. That means almost all of that money would be invested in American jobs.

Our support is crucial to keep Ukraine in the fight—and not just our military support. Our economic assistance is keeping the lights on in Ukraine even as Putin attacks Ukraine’s electrical systems. Our direct budget support keeps firefighters, first responders, and medical teams on the job ready to respond when Putin bombs Ukrainian cities. Our funds keep Ukrainian grain flowing to hungry people worldwide despite Putin’s attacks on Ukrainian ports. Our economic programs help build the private sector that Ukraine will need to drive its recovery and reduce dependence on donors.

As we support Ukraine on the battlefield and provide humanitarian and emergency budget support, we and other friends and Allies are helping Ukraine’s economy get back up on its feet and, over the long run, thrive. In September, President Biden named former Commerce Secretary Penny Pritzker to lead the effort to bolster critical sectors; foster investment; guarantee that it is setting itself on stable in terms of state revenue; encourage the reforms that are not only necessary for investment but required for Ukraine to join the European Union; and push allies to do even more on the economic front.

In short, the support of the Congress and the American people through this supplement provides us with the means to ensure that Putin’s invasion of Ukraine is not able to metastasize into a threat against the United States and our NATO Allies, and delivers a clear message to our friends and foes about U.S. leadership, power, and resolve when it comes to the fight for freedom. We must remain true to the sacred sacrifice, quiet bravery, and strategic focus of past generations of Americans who refused to let dictators chart the course of events in Europe and across the globe.

Thank you, and I stand ready to take your questions.

The CHAIRMAN. Thank you for your testimony.  
Secretary Pyatt.

**STATEMENT OF HON. GEOFFREY R. PYATT, ASSISTANT SECRETARY, ENERGY RESOURCES, UNITED STATES DEPARTMENT OF STATE, WASHINGTON, DC**

Mr. PYATT. Chairman Cardin, Ranking Member Risch, members of the committee, thank you for the opportunity to discuss the importance of continuing the United States’ support to Ukraine.

For over a year Vladimir Putin has tried to break the will of the Ukrainian people through attacks on energy infrastructure, seeking to achieve through missile and Iranian drone strikes on civilian targets what Russia’s troops have failed to achieve on the battlefield.

In response, working closely with our G-7 partners, the private sector, and humanitarian groups we have worked to help Ukraine keep the lights on and houses warm, ensuring that Putin’s effort to weaponize the winter ends in failure.

For Ukraine, this coming winter promises to be even more challenging than the last. Ukraine’s generation capacity has degraded about 50 percent since the start of the war.

Ukrainian energy workers have labored day and night often under fire to repair, restore, and harden grid and generation facilities, often by cannibalizing parts from elsewhere, but most spare parts by now have been consumed and Russia has recently resumed its bombardment of power plants and refineries including just this morning in eastern Ukraine.

During the November 22 NATO ministerial in Bucharest, Secretary of State Blinken launched a new coordination group of G-7+ states to mobilize and coordinate broad support for the restoration of Ukraine's power grid.

Since then, my team in the Bureau of Energy Resources has convened more than 40 meetings of this group at various levels to include three chaired by Secretary Blinken.

We mobilized resources to repair the damage Putin had inflicted, identified partners who had equipment that could be repurposed, and reached out to manufacturers and governments about needs identified by Ukraine.

Since February of 2022, thanks to congressional action on prior supplementals, the United States has mobilized \$520 million in energy sector funding.

Led by colleagues at USAID and the Department of Energy, the United States has delivered thousands of tons of critical energy sector equipment, some of which was installed and operating within hours of delivery.

Our G-7+ partners have done even more, providing hundreds of millions of dollars in energy-related assistance including grid repair equipment, power generators, and support for heating points.

The European Commission and its partners managed a complex logistics chain and successfully delivered over 7,000 tons of equipment from 35 countries. We cannot let up now.

The World Bank has estimated that after last winter, Ukraine needed at least \$411 billion to rebuild its infrastructure. That was 8 months ago.

Every day that number grows. Electricity grid damage alone amounted to \$10 billion in 2022. Ukraine's economic future depends on investment by the private sector and energy is key to unlocking that industrial recovery.

The recent appointment of Secretary Pritzker as the President's Special Representative for Ukraine's economic recovery will intensify our efforts in this direction.

American energy companies like Halliburton, GE, and EQT have been active partners in this effort, providing vital equipment to Ukraine and actively exploring future commercial opportunities.

We are working together to build a better future for and with Ukraine, modern, cleaner, and with a more decentralized power sector that is fully integrated with Europe, even serving as a power exporter to the rest of the European Union, but another front of Putin's war against Ukraine has been his manipulation and cutoffs of energy supplies to Europe. That effort too has failed thanks significantly to the European Commission's rapid response through its Repower EU package and U.S.-EU cooperation through the Energy Security Task Force and our Energy Council.

After the full-scale invasion, U.S. LNG producers stepped up to surge supplies to Europe as our allies turned away from Russia as an energy source.

Since 2022, U.S. exporters have supplied the EU with approximately 90 million tons of LNG, three times as much as the next largest supplier. Last year, 70 percent of U.S. LNG exports went to Europe.

Europe's shift away from Russian energy has happened much faster than predicted and marks a permanent shift in the international energy map.

The brutal invasion of Ukraine has laid bare that Russia will never again be viewed as a reliable supplier of energy. This shift will result in real long-term losses for Russia in terms of both its global energy influence and future energy revenues.

This has huge implications for a country that has historically relied on oil and gas revenues for 45 percent of its federal budget, and on the sanctions front we continue working to degrade Russia's status as a leading energy supplier by targeting entities involved with the expansion of Russia's future production.

In sum, the energy pillar of our Ukraine-Russia strategy is working and Congress' continued support is vital to U.S. interests. Putin is targeting Ukraine's energy infrastructure because he sees it as central to his war aims.

The energy sector funding that is included in the national security supplemental is therefore essential to Ukraine's success on the battlefield.

I appreciate the opportunity and look forward to your questions. [The prepared statement of Mr. Pyatt follows:]

**Prepared Statement of Mr. Geoffrey R. Pyatt**

Chairman Cardin, Ranking Member Risch, members of the Committee, thank you for the opportunity to discuss the importance of continuing the Administration's support for Ukraine at this critical juncture.

For over a year, Vladimir Putin tried to break the will of the Ukrainian people through attacks on energy infrastructure, seeking to achieve through missile and drone strikes on civilian targets what Russia's troops had failed to achieve on the battlefield. In response, with our G7+, private sector, and humanitarian partners, we have worked jointly to help Ukraine to keep the lights on and houses warm, ensuring that Putin's effort to weaponize winter ends in failure.

For Ukraine, this coming winter promises to be even more challenging than last. Ukraine's power generation capacity has degraded about 50 percent since the start of the war. Ukrainian energy workers have labored day and night to repair, restore, and harden the grid and generation facilities, often by cannibalizing parts from elsewhere. But most spare parts by now have been consumed and Russia has recently resumed its bombardment of power plants and refineries.

During the November 2022 NATO Ministerial in Bucharest, Secretary Blinken launched a new coordination group of G7+ states to mobilize and coordinate broad support for the restoration of Ukraine's power grid. Since then, my team in the Bureau of Energy Resources has convened 43 meetings of the group at various levels, to include three chaired by Secretary Blinken. We spoke to technical experts to develop workarounds, identified partners that might have older equipment that could be repurposed, and reached out to companies and governments about a specific list of needs developed by Ukraine.

But our G7+ partners have done even more, providing hundreds of millions of dollars in energy-related assistance, including grid repair equipment, power generators, and support for heating points. The European Commission and its partners managed a complex logistics chain and successfully delivered over 7,000 tons of equipment from 35 countries.

Since February 2022, and thanks to Congressional action on prior supplements, the United States has mobilized \$520 million in energy sector funding. Led by col-

leagues at USAID and DOE, the United States has delivered thousands of tons of critical energy sector equipment. We also delivered a mobile gas turbine power plant, which can provide emergency backup power to critical infrastructure for the city of Kyiv.

We cannot let up now.

The World Bank estimated that after last winter Ukraine needed at least \$411 billion to rebuild its infrastructure. That was 8 months ago. Every day that number grows. Electricity grid damage alone amounted to \$10 billion in 2022.

Ukraine's economic future depends on involvement by the private sector and energy is key to unlocking the industrial recovery. The recent appointment of Secretary Pritzker as a Special Envoy for Ukraine Economic Recovery will intensify these efforts.

American energy companies have stepped up enormously in support of Ukraine and Europe's energy security. American companies like Halliburton, EQT, and GE are providing equipment to Ukrainian partners and are keenly focused on future commercial opportunities.

We are working together to build a better future for and with Ukraine—modern, cleaner, and with a more distributed power sector that is fully integrated with Europe—even serving as a power exporter to its neighbors.

Another front of Putin's war against Ukraine has been his manipulation and cut-offs of energy supplies to Europe. That effort too has failed, thanks significantly to the European Commission's rapid response through its RePowerEU package and U.S.-EU cooperation through the Energy Security Task Force and Energy Council. U.S. LNG producers stepped up to surge supplies to Europe as our partners turned away from Russia as an energy source. Since 2022, U.S. exporters have supplied the EU with approximately 90 million tons of LNG, three times as much as the next largest supplier and 70 percent of U.S. LNG exports went to Europe.

Europe's shift away from Russian energy has happened much faster than predicted and makes a permanent shift in the international energy map. Russian natural gas now represents only 15 percent of the EU's imports, compared to 45 percent in 2021.

This war has laid bare the fact that Putin's regime is an unreliable supplier of energy. This shift will result in real, long-term losses for Russia, in terms of both its global energy influence and its future energy revenues.

According to the IEA, by 2025, Russia's oil production will be degraded by 2 million barrels per day compared to 2021, and natural gas will be down by 200 bcm per year.

The IEA also projects Russia's share of globally traded oil and gas to fall 50 percent by 2030, with its net income from gas sales, specifically, to fall from \$75 billion USD in 2021 to less than \$30 billion USD by 2030.

This has huge implications for a country that historically has relied on its oil and gas revenues for 45 percent of its federal budget.

All the while, our successful implementation of the oil price cap has continued to limit the impact of Russia's war against Ukraine on global prices.

On the sanctions front, we continue working to degrade Russia's status as a leading energy supplier by targeting entities involved in the expansion of Russia's future production and export capacities, so that it can never again wield its energy resources as a tool of coercion.

In sum, the energy pillar of our Ukraine/Russia strategy is working and Congress' continued support of our efforts is vital to U.S. interests. Putin is targeting Ukraine's energy infrastructure because he sees it as central to his war aims. The energy sector funding that is included in the National Security Supplemental is essential to Ukraine's success on the battlefield.

Thank you and I look forward to the discussion.

The CHAIRMAN. Thank you for your testimony. I appreciate it.  
Assistant Administrator McKee.

**STATEMENT OF HON. ERIN MCKEE, ASSISTANT ADMINISTRATOR, EUROPE AND EURASIA, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON, DC**

Ms. MCKEE. Chairman Cardin, Ranking Member Risch, distinguished members of the committee, thank you for the invitation to speak to you today about our ongoing efforts in Ukraine.

As you stated, we are at a critical moment with our partners fighting a war for survival and our adversaries seeking to exhaust our will to support Ukraine's vital needs.

Since Putin began his full-scale war, the people of Ukraine have demonstrated unforgettable courage and resilience in the face of a brutal unjustified onslaught.

The Kremlin's invaders threaten the people of Ukraine with unconscionable abuses and atrocities including documented evidence of war crimes such as conflict-related sexual violence including gender-based violence against children, women, and men, human trafficking, and other abuse.

Russia's forces have ripped Ukrainian children from their homes. This is an orchestrated and systematic effort to forcibly transfer children to occupied parts of Ukraine or to Russia itself where they are subjected to pro-Russia indoctrination and in many cases military training.

Ukraine has outperformed all expectations on the battlefield. We understand there is concern for how long the war may take and I want to reinforce that our assistance to Ukraine has strengthened Ukraine's ability to withstand Russia's aggression and has strengthened the United States partnerships with Ukraine and the other European democracies under threat from the Kremlin.

USAID is providing humanitarian and early economic recovery assistance. Combined with direct budget support we are supporting Ukraine's recovery from the shock of the full-scale invasion and helping Ukraine return to financial independence.

In response to the immediate crisis, USAID has provided nearly \$2 billion in humanitarian assistance to Ukraine since February of 2022.

The generosity of the American people has supplied emergency health care, agriculture, and energy support to Ukraine's most vulnerable populations, and thanks to the congressional appropriations, USAID dispersed reliable sustained direct budget support to the Ukrainian Government along with unprecedented levels of oversight.

This enabled first responders, health care workers, teachers, and others to continue their vital work and sustain Ukraine's economy and institutions while they defend their country's freedom and sovereignty.

To respond to Russia's weaponization of hunger, USAID launched the Agriculture Resilience Initiative to keep farmers afloat. USAID also works very closely with the private sector to improve Ukraine's energy security and transform Ukraine's energy sector into a modern engine of growth.

Side-by-side with our agriculture and energy efforts is USAID's support to small and medium enterprises, helping Ukraine increase jobs and generate revenue. Without continued funding for this economic development, embattled Ukraine will remain dependent on donor support.

At this time there is no funding left for direct budget support. Without further appropriations, the Government of Ukraine would need to use emergency measures such as printing money or not paying critical salaries, which could lead to hyperinflation and severely damage the war effort.



USAID has also exhausted all of its supplemental humanitarian assistance funds. Additional funding is critical in the face of what remains an enormous need.

If Congress does not approve supplemental funding, our partner organizations in Ukraine would have to either reduce the number of people getting this humanitarian assistance by up to 75 percent or suspend our humanitarian programs entirely.

While our urgent priority is to respond to the immediate humanitarian needs of the people of Ukraine, USAID also looks to the future to building resilient infrastructure and institutions that will support Ukraine's path towards European Union integration.

For decades, USAID has buttressed Ukraine's progress towards transparent, inclusive, and accountable governance. The United States continues to help Ukraine carry out judicial reform, institutionalize transparent financial systems and respond to the people of Ukraine's zero tolerance for corruption.

None of what we have achieved together would have been possible without the generosity of Congress and the American people. Through your bipartisan support we have been able to deliver consistent, reliable, lifesaving assistance to people in need and leverage and mobilize the support of our partners and allies to do the same.

We now face a critical crossroads. It is vital that we continue to do everything in our power to avoid the disastrous consequences of unchecked aggression by the Kremlin.

The besieged people of Ukraine are fighting for their country's survival as a sovereign democratic state. They are also fighting for basic needs such as food, water, medicine, electricity.

Putin must not succeed. We must continue to support the people of Ukraine in their fight to thrive as a free, secure, independent country, a democracy rooted in the rule of law and a place where all have dignity, human rights, and the opportunity to reach their full potential.

Thank you, and I look forward to your questions.

[The prepared statement of Ms. McKee follows:]

**Prepared Statement of Ms. Erin McKee**

Chairman Cardin, Ranking Member Risch, distinguished members of the Senate Foreign Relations Committee: Thank you for your invitation to speak today about USAID's ongoing efforts in Ukraine—and for your support for Ukraine. We are at a critical moment in our effort to assist Ukraine, with our partners fighting a war for survival, and our adversaries seeking to exhaust our will to support Ukraine's vital needs.

Since Putin began his full-scale war against Ukraine, the people of Ukraine have demonstrated unforgettable courage and resilience in the face of a brutal, unjustified onslaught. Putin's ongoing senseless attacks wreak death and destruction on civilians and civilian infrastructure. Innocent people have lost their loved ones. Invaders threaten the people of Ukraine with unconscionable abuses and atrocities, including documented evidence of war crimes such as conflict-related sexual violence, including gender-based violence against women, children and men, human trafficking, sexual exploitation, and abuse. Russia's forces have ripped Ukrainian children from their homes. This is an orchestrated and systematic effort to forcibly transfer children to occupied parts of Ukraine or to Russia itself, where they are subjected to pro-Russia indoctrination, and in many cases, military training.

Ukraine has outperformed all expectations on the battlefield. We understand there is concern for how long this war may take, and I want to reinforce that our assistance to Ukraine has strengthened Ukraine's ability to withstand Russia's ag-

gression, and has strengthened the United States' capability to partner with Ukraine and other European democracies under threat from the Kremlin.

USAID is providing humanitarian and early economic recovery assistance. This combined with U.S. direct budget support is supporting Ukraine's recovery from the shock of the full-scale invasion and helping Ukraine return to financial independence. In response to the immediate crisis, USAID has provided nearly \$2 billion in humanitarian assistance to Ukraine since February 2022. The generosity of the American people has supplied emergency health care, agriculture, and energy support to Ukraine's most vulnerable populations. Thanks to congressional appropriations, USAID disbursed reliable and sustained direct budget support to the Ukrainian Government along with unprecedented levels of oversight. This enabled first responders, healthcare workers, teachers and others to continue their vital work and sustain Ukraine's economy and institutions, while they defend their country's freedom and sovereignty.

To respond to Russia's weaponization of hunger, USAID launched the Agriculture Resilience Initiative, known as AGRI-Ukraine, to help keep farmers afloat. USAID also works very closely with the private sector to improve Ukraine's energy security and transform Ukraine's energy sector into a modern engine of growth. Side-by-side with our agriculture and energy efforts is USAID's support to small and medium enterprises, helping Ukraine create jobs and increase its revenue. Without continued funding for this economic development, embattled Ukraine will remain dependent on donor support.

At this time, there is no funding left for direct budget support. Without further appropriations, the Government of Ukraine would need to use emergency measures, such as printing money or not paying critical salaries, which could lead to hyperinflation and severely damage the war effort.

USAID has exhausted all of its supplemental humanitarian assistance funds as well. USAID partners will use remaining funding for humanitarian assistance in the coming months, but additional funding is critical in the face of enormous need. If Congress does not approve supplemental funding, it would force USAID to reallocate already scarce global resources to address Ukraine's needs. Our partner organizations in Ukraine would have to either reduce the number of people getting assistance by up to 75 percent or suspend humanitarian programs entirely.

While our urgent priority is to respond to the immediate humanitarian needs of the people of Ukraine, USAID also looks to the future: to building resilient infrastructure and institutions that will support Ukraine's path towards European Union integration.

For decades, USAID has buttressed Ukraine's progress toward transparent, inclusive, and accountable governance. The United States continues to strengthen Ukraine's institutions, carry out judicial reform, institutionalize transparent financial systems, and meet the goal of the people of Ukraine for zero tolerance of corruption.

None of what we have achieved together would have been possible without the generosity of Congress and the American people. As articulated in the National Security Strategy, our USAID-State Joint Strategic Plan, and the Ukraine Country Development Cooperation Strategy, the United States must continue to aid the people of Ukraine. Through your bipartisan support, we have been able to deliver consistent and reliable life-saving assistance to people in need. We now face a critical crossroads.

Putin's goal is to weaponize winter and destroy Ukraine's independence. Our assistance is vital to ensure he does not succeed. It is critical that we continue to do everything in our power to avoid the disastrous consequences of unchecked aggression by the Kremlin. The besieged people of Ukraine are fighting for their country's survival as a sovereign, democratic state. They are also fighting for basic needs, such as food, water, medicine, heat, and electricity.

Putin must not succeed. We must continue to support the people of Ukraine in their fight to thrive as a free, secure, independent country; a democracy rooted in the rule of law; and a place where all have dignity, human rights, and the opportunity to reach their full potential.

The CHAIRMAN. Again, let me thank all three of you for your comments. We will start a 5-minute round and I want to start by just saying what I said in my opening statement.

I strongly support the President's supplemental request for Ukraine. I think we should have passed it yesterday and certainly not wait in getting it passed and I think your testimonies here point out the urgency of those dollars for Ukraine to be able to

have the military assistance it needs to survive the winter and to plan for the spring and be prepared for the spring.

Then I think the testimony from Administrator McKee points out the desperate need to have civilian order in the country. If they do not have the budgetary supports necessary to maintain basic services, the ability for Ukraine to defend itself becomes more challenging because of the local circumstances.

I recognize that, but let me just point out as you have that Europe and the coalition partners are contributing more than America is contributing in total dollars. They are taking on the burdens of the displaced individuals. We do not have that issue. They are doing more on the energy sector than we are doing.

Tell me the challenges if the supplemental is delayed. We were told on October 1 or September 30 when we did not include the aid for Ukraine that it sent a terrible message to the international community.

I know many of us after, unable to get the aid included in that, made personal phone calls to our allies and to the Ukrainians to let them know they were not forgotten, that we intended to bring this up at the earliest possible date. We are now looking at November 17 and it is becoming less and less likely we will complete the supplemental by that date.

Tell us how this impacts Ukraine and the international support for Ukraine—the further delays in the United States Congress in passing the supplemental—and how that is being played by Mr. Putin in Russia.

Secretary O'Brien.

Mr. O'BRIEN. Thank you, Mr. Chairman. I think a couple of elements are critical. Three weeks ago I was with Secretary Pritzker and spending several hours with President Zelensky.

The first thing he noted was his people need to know that we continue to stand by them. They know this winter will be difficult, as Ambassador Pyatt just mentioned, but if they know that we remain with them, he feels they will come through strong and willing to fight.

Then our allies need to know that we are with them. The European Union is currently considering a proposal for 50 billion euros—\$60 billion—over the next 4 years of support for Ukraine.

If we fail to provide the assistance the—that will call into question then for them whether they—their efforts will be enough and whether they should go forward.

For our ability to help, as Administrator McKee has indicated, we have already spent the money that has been appropriated.

Secretary Austin has spoken about the need to get additional funding for the military assistance that is needed and were brought back to President Putin's prediction that this may all end in a week if we walk away.

That is what is at stake on the supplemental.

The CHAIRMAN. Administrator McKee, you mentioned USAID's role here. I was impressed by President Zelensky's commitment to try to root out corruption even during a war. Can you tell us how important the supplemental appropriation is to further President Zelensky's campaign to deal with corruption in his country?

Ms. MCKEE. Thank you, Mr. Chairman, for your question.

We have witnessed not only the resilience and courage as they have fought against the Kremlin forces, but they have not skipped a beat in advancing the reform agenda.

The EU report just came out this morning and both Ukraine and Moldova and a variety of other countries received support for continuing in opening chapters of recession talks. That is because our support to strengthening and deepening the institutions fighting corruption in Ukraine have received the top priority from the President.

They had to pass and meet conditionality that we put on our direct budget support and did so without blinking. While they are fighting a war and fighting for their survival, they are 100 percent dedicated to ensuring that the political economy model that they inherited during the Soviet Union is dismantled, which reflects the will of the Ukrainian people.

The Ukrainian people want to see accountability and consequences, and the Government of Ukraine has stepped up with our support to do so.

The CHAIRMAN. Secretary Pyatt, I just want to—your testimony was encouraging on the LNG imports particularly. Do you see those trends increasing? Because it is, I think, encouraging to see that policy that many of us have been urging looks like it is taking hold.

Mr. PYATT. Mr. Chairman, I think you are exactly right and one of the real success stories amid the tragedy of this war is that Europe has turned decisively away from its dependence up until 2022 on Russian gas in particular.

I see that as a permanent change in the landscape. It is reflected in the billions of dollars that European countries have invested in regasification facilities.

It is reflected in the contracts that are being signed with American LNG producers and it is also reflected in Europe's renewed and doubled commitment to accelerating the pace of its energy transition.

Ironically, Putin's weaponization of his energy resource has induced Europe to break its vulnerability there and I think that is a permanent change in the landscape that is also a positive benefit for American energy producers and our leadership on the energy transition.

The CHAIRMAN. Well, I have additional questions in regards to Russia and Iran, but I have a feeling my colleagues might be asking some questions in that regard.

Senator Risch.

Senator RISCH. Thank you, Mr. Chairman. I am tempted, but instead I am going to focus on a narrow lane here, but a really important lane with you, Mr. Pyatt, and that is an issue that is incredibly important, but on which most of—Congress is not informed and I am going to hope you can help us get through that.

I want to talk about the nuclear reactors we have in the United States, which are, what, 95, give or take a few. Would you tell the committee please where does the fuel come from to operate these nuclear facilities?

Mr. PYATT. Ranking Member, about 20 percent of the fuel that operates our nuclear fleet here in the United States still comes from Russia.

The President has included in his latest supplemental a request for about \$2.2 billion to help rebuild the nuclear enrichment capacity that we need here in the United States to end that dependency and the Administration has also stated its support for a ban on the import of Russian nuclear fuel.

Senator RISCH. I was hoping that would be your answer. I sit not only on this committee, but also Intelligence and Energy and this issue comes to a confluence in all three of those committees.

Senators Barrasso, Manchin, and I introduced the *Nuclear Fuel Security Act*. Are you familiar with that?

Mr. PYATT. I am, Ranking Member.

Senator RISCH. Okay. I think that will go a long way to doing something here. We are also working on the ban, as you indicated.

Obviously, we cannot have that ban, but it is stunning to me that we are sending money to Russia to buy nuclear fuel when we have got bans in all kinds of other places, but we have to because of the dependence we have there.

This is part of the problem we have got with the supply chain around the world and that is we have not paid attention to it and we really need to, particularly in this very, very critical area.

In any event, what are your thoughts on—we have got to get this industry up and going. Obviously, it has moved offshore. We need to get it going.

Give me your thoughts on that. How quickly can we do it? How much is it going to cost? What can we as the government do to move this along? Could you talk about that, please?

Mr. PYATT. Thank you, Ranking Member. I could talk all day about this. I will try not to.

Senator RISCH. Please do not.

Mr. PYATT. Let me first note the importance of Ukraine, a country that operates one of the largest nuclear fleets in all of Europe, one of the few countries in Europe that has the industrial supply chain to contribute to a future non-Russian nuclear industry.

When I was ambassador in Kyiv, I worked directly with President Poroshenko and with Westinghouse to enable the Ukrainians to refuel their reactors with non-Russian fuel assemblies.

It was incredibly controversial. I remember one time, Foreign Minister Lavrov called Secretary Kerry in the middle of my night to complain that we were going to cause another Chernobyl by putting Westinghouse fuel into these wonderful Russian reactors.

That, of course, was a lie, and since then Ukraine has steadily incorporated Westinghouse fuel assemblies into its nuclear fleet.

As we look to the future across Central and Eastern Europe, civil nuclear power is going to be a key part of those countries' non-Russian energy mix and I would also flag, Ranking Member, the critically important role of the work that is being done here in the United States on a next generation of nuclear reactors, small modular reactors.

I have been following closely the challenges in your home state and the work with NuScale and I hope very much that we can find a way forward in that regard as well because we have to maintain

American leadership in this area and Ukraine is going to be one of our principal partners because it has the workforce, because it has the industrial capacity, because it has the nuclear knowledge in helping to bring clean nuclear power to countries in Europe like Poland that have made that choice, but do not currently have the human capital or industrial base to fulfill that requirement.

Senator RISCH. Well, thank you. I hope we can all join together to move this important issue forward because this is something we can and should lead on.

You made reference to the SMR and the NuScale problem. That has obviously been very disappointing to us, but the SMR is going to change the world and, obviously, Russia, China, and France, for that matter, have all jumped on board on this and are looking at ways to exploit their standing on the issue.

We should not let that happen. We should be the leaders on this and I hope we will be. You will be happy to hear we have had a number of discussions as to how we can do that at the Idaho National Lab which is, of course, the flagship laboratory in the United States on nuclear energy, and I promise you we are going to continue to do that.

Thank you for your attention to this issue. It is an absolutely critical issue. It is incredibly ironic to me that we are sending money to Russia to purchase fuel when we have got all these other things going on and they are using it to the fight against us in Ukraine.

We need to stop it and the sooner we do it the better. Thank you for your work.

Thank you, Mr. Chair.

The CHAIRMAN. Thank you.

Senator Coons.

Senator COONS. Thank you, Mr. Chairman and Ranking Member, and thank you for continuing to show strong bipartisan support for Ukraine.

I agree with the points just raised by the ranking member about the urgency of our—making our nuclear fuel system more independent of Russia and the future of SMRs being critical for a zero-carbon American developed energy source for the future. Thank you to our witnesses.

The brutal Russian invasion of Ukraine has been a profound strategic failure for Putin. NATO, instead of being divided or weakened, has expanded and strengthened.

As you have testified, there is a global coalition of 50 countries providing more than \$90 billion in direct support both humanitarian direct budget support, military for Ukraine.

Although we are the single largest donor, the contributions to the fight for freedom on the front lines in Ukraine is genuinely global, and as you laid out, Secretary O'Brien, Russia's coalition includes folks like Iran and North Korea while ours is literally the entire free world.

We are at risk of failing, of handing Putin a victory right when he is on the verge of defeat if we do not take up and pass the President's full supplemental.

Administrator McKee, some of my colleagues have said to me privately that they are enthusiastic about continuing to send military

equipment and hardware to Ukraine, but not direct budget support.

You testified about the importance of direct budget support. Could you help us just briefly understand three things? What are the sorts of services that are being provided through our direct budget support?

As the—Secretary Pyatt had testified there continues to be a brutal bombardment of the electric grid. What would happen if direct budget support were to end to Ukraine's ability to respond to the daily bombardments of their electric grid, for example?

Second, you said that the accountability and oversight measures that are needed are in place and are working robustly. If you would just briefly speak to that.

Then, most importantly, how much time do we have? If we kick this can down the road a month or two or three through a Continuing Resolution and we fail to take up and advance the full supplemental for budget support in humanitarian, how much time do we have before that begins to really have bite for the people of Ukraine?

Ms. MCKEE. Thank you, Senator, for your question.

On the first point, as we have noted, the types of services, right now Ukraine is able to spend all of their national budget in the fight. They are paying their soldiers' salaries. They are dedicated to defeating Putin on the front lines.

That means they do not have any resources to take care of their people and govern, which is as vital to keep up the unity of purpose and the resilience that we have seen from the Ukrainian people because they are all in, both on the civilian and the military side.

The types of services that would be suspended are first responders who rush into the building and save lives, medical care to make sure that inoculations stay up so that the Ukrainian population stays healthy, particularly children, routine immunizations. We have heard reports of polio outbreaks and some other concerns during the early days of the mass emigration of folks fleeing the conflict.

We also are supporting teachers and continuing education so that they do not lose a generation as a result of Putin's attacks on civilians and civilian infrastructure so that the kids can stay in school and that those families are there.

Senator COONS. Am I correct that the direct budget support requested gradually goes down—

Ms. MCKEE. Yes.

Senator COONS. —over the next year as the economy becomes more vibrant and we assess Ukraine is able to generate more revenue?

Ms. MCKEE. Correct. The direct budget support and their fiscal stability is also vital for the IMF program and other donors stepping in.

Our leadership in this space—and, yes, we were first—unlocked the other support that we have seen mobilized from the EU and other donors as well as boosting the confidence in the multilaterals to be able to contribute to Ukraine's economic stability, which is as vital as winning the war. If their economy collapses Putin will have won.

On your point of accountability, absolutely there has been no finding of any misuse or misdirection and at multiple tiers and multiple reviews and stock checking not just by the three IGs in terms of end use checks and making sure that we can follow the resources, we have third-party monitoring to ensure that the systems by which those are delivered both reimbursed and validating are also ironclad and unassailable.

In terms of timing, as I said we have no more direct budget support. The last tranche was disbursed at the end of the fiscal year. This jeopardizes particularly over the coming months Ukraine's ability to maintain its economic stability while it continues to fight the war. It is urgent.

Senator COONS. Thank you for the clarity of that answer and let me just close by making an observation the chairman made, which is the fight going on in Israel and the fight going on in Ukraine are not distinct.

Putin welcomed the head of Hamas. Wagner is offering to provide air defense possibly to Hezbollah. There is a linkage between these coalitions that supports terrorism in the Middle East and a brutal an ongoing invasion and occupation of eastern Ukraine.

For us to pick one piece of this supplemental and not the full supplemental, not to provide direct budget support, not to provide humanitarian support to Ukraine, not to provide support to Israel, and to continue to push humanitarian support for dozens of countries would be a grave mistake.

Thank you for your testimony. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Paul.

Senator PAUL. I think it is easy to look around the world and find places where the U.S. taxpayer can be asked to send money to fix the world's problems, but there is an important question we might want to ask before we start sending \$100 billion more—where are you going to get it. We do not have any money.

Every bit of our tax revenue goes to Medicare, Medicaid, Social Security, and food stamps. Those four programs consume all of our tax revenue. Everything else is borrowed.

In fact, the entire discretionary budget right now is being borrowed. We borrowed a trillion dollars in the last 3 months. Interest rates have doubled. Interest payments have doubled.

You can have all this goodwill and try to fix the world's problems, but you are ignoring the rot and ruin you are creating in your own country.

Mr. O'Brien, in Russia's weakened state it is tempting to forget that they are a nuclear power, but I think our foreign policy decisions need to take into account the dangers of war escalating in Ukraine.

As Harvard's Graham Allison points out, if Putin is forced to choose between humiliating defeat on the one hand and escalating the level of destruction there is every reason to believe he chooses the latter.

There is a great deal of evidence that the war in Ukraine has come to a stalemate. Even Ukraine's commander-in-chief of the armed services has admitted as much.



In Graham Allison's view the Ukraine war has escalated far enough to see how bad things would become if we end up in a world where nuclear weapons are used.

Allison believes that where we are now both for Putin's Russia and for the Biden-led U.S. and the Western alliance, it is time to search for an off-ramp for all the parties.

What is being done at the State Department to search for an off-ramp?

Mr. O'BRIEN. Thank you, Senator. A few points. I can speak to the foreign policy implications.

My belief is if we do not stand with Ukraine now we will be spending much more on defense in the future and much of the supplemental goes to reinvest in the United States. Far from rot and ruin we are actually shoring up the foundations in our energy sector, as Assistant Secretary Pyatt —

Senator PAUL. Your argument is that war and funding war around the world is good for our armaments industry?

Mr. O'BRIEN. I am saying this supplemental is good for our economy—

Senator PAUL. For the armaments industry. Really, it is a justification of war. To me, that is sort of reprehensible, the idea that—and this is coming from my side as well—oh, glory be, the war is really not that bad.

Broken windows are not that bad because we pay people to fix them. Broken countries are not so bad because hey, look, the armaments industry is going to get billions of dollars out of this.

I think that is a terrible argument. I wish you all would say maybe there is a—go back to your freedom argument or something, but the idea that you are going to enrich the armaments manufacturers I think is reprehensible.

Mr. O'BRIEN. Well, Senator, I am not making the argument war is good. I am making the argument in this case war is necessary.

Senator PAUL. That we can make a little profit on the side. It is not so bad since the armaments guys will make a lot of profit on this, right?

Mr. O'BRIEN. No, Senator, I think you are proposing a kind of false choice that I either have to say that or say nothing. What I am saying is that our economy rests on a foundation of innovation and in the supplemental we are investing in our energy sector as you just—

Senator PAUL. This money is borrowed. We are borrowing the money. We do not have it. We do not have a pot of money.

What you are arguing is, in essence, that we borrow the money from China. We send it to Ukraine. Ukraine sends it back to buy arms from us and that is a win-win. How do we win when we are borrowing money to pay people?

See, this is this sort of false sort of argument that oh, look, we will create five jobs for every dollar we spend, but we are borrowing the money. It does not make any sense. It is coming from somewhere where it would be in a productive use to where it is in the use of basically fomenting a war and continuing a war.

Mr. O'BRIEN. No, that is not the choice in front of us, Senator, and I am sorry that you feel that that is the way you want to frame it.

The choice in front of us is do we invest in the capacities that allow this war to be won. Those include capacities in energy, in defense, in IT. They include—

Senator PAUL. The original question—let us get away from funding the armaments people. I am not for that, but the original question is what are you doing to develop an off ramp. When I listen to your presentations, it sounds like the department of war. I do not hear the department of diplomacy in front of me.

Where are the diplomats? Is anybody talking about negotiation? Do you really believe that Russia—that Ukraine is going to push Russia out of Ukraine?

They are going to push them out of Crimea, push them out of the East, and that Zelensky's position, we will not negotiate till they are gone from Ukraine, is viable and that there is not going to have to be some negotiation beforehand?

Mr. O'BRIEN. All wars—

Senator PAUL. If you believe that, though, the meat grinder continues and Ukraine will be in utter destruction and tens of thousands of more people will die if there is no negotiation.

You would think that as a superpower we would be involved somewhat with encouraging negotiation, but I have heard nothing from you and nothing from anyone in your Administration, frankly, that talks about negotiating.

Mr. O'BRIEN. Well, Senator, then I hope you would sit down and talk with me about what we are doing in this regard. Here, I will give you a little sense of it.

All wars end with a negotiation. We have made clear we will do that with Ukraine, not over Ukraine's head. It takes two parties to negotiate the end of a war. President Putin is not serious about negotiating the end of the war. He has said he wants to wait and see what happens in November 2024.

We are preparing for that eventuality so we can have a negotiation that will actually stick as opposed to the track record of broken agreements that President Putin has made with a whole range of his neighbors up until now.

That is successful diplomacy, not near diplomacy.

Senator SHAHEEN [presiding]. Senator Merkley.

Senator PAUL. There are actually some who say we are back to about where we started as far as negotiating and tens of thousands of people have died on both sides and we have not been successful, but I still hear only war and I do not hear diplomacy.

Mr. O'BRIEN. No, but I think what we are looking at is successful diplomacy. I just spent last weekend with 66 countries talking about the basis of a successful peace in Ukraine. Russia did not show up.

That, again, is the problem. You do not have a willing partner on the other side. Simply saying that there must be talks is—you are asking for a monologue, not diplomacy.

Senator SHAHEEN. Senator Merkley.

Senator PAUL. [inaudible]

Senator MERKLEY. Secretary O'Brien—

Mr. O'BRIEN. No, Senator.

Senator SHAHEEN. Senator Merkley.

Senator MERKLEY. Secretary O'Brien, am I correct that Russia is spending about 25 percent of its funds on the war and the United States is spending about 1.5 percent?

Mr. O'BRIEN. I think Russia is spending more. I think it is 30 percent of the public budget and they have a secret budget that is even more, yes.

Senator MERKLEY. Thank you. In your testimony you started out by talking about how Putin is testing the world's resolve to defend the most basic principles, that sovereign nations cannot have their borders changed unilaterally, that dictators cannot punish countries for seeking closer ties with the U.S., and that the United States will stand up when the freedom of our friends and allies is threatened.

I certainly agree with all those. I have a series of questions. I hope you can give me a short answer so I can get through them, if possible. Do you agree that failure to fund Ukraine will do deep damage to the Atlantic alliance?

Mr. O'BRIEN. Yes.

Senator MERKLEY. Do you agree that failure to fund Ukraine will also put some cracks into NATO?

Mr. O'BRIEN. Yes.

Senator MERKLEY. Do you believe that if the U.S. appeases Putin by throwing support for Ukraine overboard that somehow Putin will never do aggression elsewhere?

Mr. O'BRIEN. President Putin has made clear that once he gets what he wants in Ukraine he will start looking at the Baltics, he will start looking at Poland, and other key allies.

Senator MERKLEY. Thank you. If the U.S. appeases Putin by throwing Ukraine aid overboard will it enhance China's appetite to use military force on Taiwan?

Mr. O'BRIEN. China will see us as weaker.

Senator MERKLEY. Will it encourage other dictators around the world to take additional land?

Mr. O'BRIEN. Yes.

Senator MERKLEY. I am really struck by the parallel to the journey of Chamberlain to Munich to say, okay, Hitler, you can—you can take a third of Czechoslovakia, and then he declared peace in our time under the assumption that somehow this would not whet Hitler's appetite. Did Chamberlain's strategy work?

Mr. O'BRIEN. No.

Senator MERKLEY. Will the strategy now of us bailing on Ukraine to appease Putin work?

Mr. O'BRIEN. No. It will invite more aggression.

Senator MERKLEY. I think this is one of the most important decisions we have faced in the time I have been in the Senate, probably the most important decision.

I am astounded that colleagues who supported corrupt government in Afghanistan and an invasion of Iraq now want to bail on the freedom-loving democracy-defending people of Ukraine who are dying with the cause and I must say I think it will be one of the biggest foreign policy mistakes we could make in generations if we bail on Ukraine.

Do you agree with that?

Mr. O'BRIEN. Yes, Senator.

Senator MERKLEY. If there is a emergency supplemental in which the funding for Ukraine has been thrown overboard, should we pass it?

Mr. O'BRIEN. We have asked for this united supplemental because it is one fight globally.

Senator MERKLEY. We should reject it?

Mr. O'BRIEN. Yes. I think the Senate should pass the full supplemental.

Senator MERKLEY. Will President Biden veto a bill in which the funding for Ukraine is thrown overboard?

Mr. O'BRIEN. That is ultimately the President's decision, but he has asked for the supplemental he believes should be passed.

Senator MERKLEY. Will you encourage the President to veto a bill in which the funding for Ukraine has been thrown overboard?

Mr. O'BRIEN. I would encourage the President to make whatever statements needed to get the full supplemental that we need.

Senator MERKLEY. My concern is we are going to see a repetition of what we saw earlier when we were facing a Continuing Resolution in which—the Senate procedures are very, very slow. It takes a week to get a bill to the floor. It takes a week to get the amendment that has the basic proposal in place and it takes only one hour in the House for a proposal be put up and voted on.

I am afraid they are going to send us a Continuing Resolution that throws the funding for Ukraine overboard. Should we reject such a strategy from the House of Representatives?

Mr. O'BRIEN. Yes, Senator.

Senator MERKLEY. Thank you.

The CHAIRMAN [presiding]. Senator Ricketts.

Senator RICKETTS. Thank you, Mr. Chairman, and, again, thank you to our panelists here today to talk about Ukraine.

As we discuss Ukraine and we think down the road about rebuilding Ukraine, I think there is an important point to make, which this should not be done solely on the backs of American taxpayers or European taxpayers.

Russia began its full-scale war against Ukraine and there was public reports that more than \$300 billion in Russian sovereign assets have been frozen globally and estimates are the cost to rebuild Ukraine will be about \$400 billion.

Now, there is a phrase—I am sure you have all heard of before—called “you break, it you buy it,” and one of the things I would like to highlight here is Ranking Member Risch’s *REPO Act* that would require Russia to basically pay for the damage they have done.

It is common sense legislation. It has bipartisan bicameral support. Gives the President the legal authority to confiscate Russian sovereign assets that have been frozen in the U.S. and transfer them to assist Ukraine’s reconstruction efforts.

The House Foreign Affairs Committee marked up its version of the bill yesterday and, Mr. Chairman, I would encourage us to work on this as well to be able to get this bill done. I think it is going to be important.

Assistant Secretary O'Brien, do you agree that Russia has legal and moral responsibility to compensate Ukraine for the damage its illegal invasion has done to the country?

Mr. O'BRIEN. Oh, yes, Senator.

Senator RICKETTS. Do you think Russia will ever compensate Ukraine for its aggression or pay for Ukraine's reconstruction?

Mr. O'BRIEN. The President and his G-7 colleagues and the Secretary and his—just today reaffirmed that Russia must pay and that Russia's immobilized funds which, as you say, are about \$300 billion, will not be returned to Russia until it does pay. We have leverage in this discussion.

Senator RICKETTS. Given that Putin is unlikely then to pay for the damage he has done will—and will continue to use Russia's veto power in the U.N. to block traditional mechanisms for compensation, do you agree that the U.S. and our allies and partners should consider all options to ensure Russia pays rather than the taxpayers in this situation?

Mr. O'BRIEN. Yes, Senator.

Senator RICKETTS. Okay. I just again want to encourage us to be able to continue to take up this *REPO Act*. I think it is an important piece of legislation.

Also, Assistant Secretary O'Brien, a couple of weeks ago on our Black Sea Subcommittee hearing we discussed the dangers of the People's Republic of China involvement in Ukraine reconstruction.

Obviously, this would go against our interests and those of our allies and partners. The PRC would use its involvement to collect intelligence on Ukraine and foreign-supplied military capabilities as well as the intellectual property they steal from all around the world already—they would do that in Ukraine—and its track record of spreading corruption and undermining the rule of law will only serve to undermine Ukraine's efforts to be able to fight corruption in their own country.

Given that reconstruction efforts will cost at least \$400 billion, there is going to be a temptation for the Ukrainians to take money from Beijing, and we have already seen it.

There were reports last month that Ukraine has not excluded the PRC telecom suppliers from supplying equipment to rebuild damaged infrastructure.

Our country's deputy digital minister—or the country—Ukraine's country deputy digital minister said that the U.S. and our allies had not provided any official proof of security risks associated with the PRC vendors and as a result Ukraine would have to give the contract to the lowest bidder, which could be Huawei or ZTE.

A couple weeks ago you said that you felt confident we would have the Ukraine firmly in our camp where we are comfortable and, ultimately, it is their choice, but that is why we need to stay in the game and from a financial standpoint it may be the Ukrainians' choice whether they allow the PRC to be part of the reconstruction effort, but it is our choice with regard to U.S. assistance benefitting Beijing.

Do you think we should condition U.S. aid to prevent U.S. tax dollars from supporting PRC-owned or controlled entities from providing the reconstruction?

Mr. O'BRIEN. Senator, we do. That is why it is so important to have the supplemental so that we remain in the game and can set the conditions that make it impossible for opaque illegitimate contractors like the Chinese to enter, and I know my colleagues can speak at some length about how in energy, telecoms, and other sec-

tors we do exactly that, but if we are not there then we cannot provide the guarantees you want.

Senator RICKETTS. Great. I just want to go back to something that Senator Murphy was talking about earlier as well with regard to Putin's next steps if he is successful in Ukraine.

You made reference to him talking about the Baltics. Has he made overt statements that the Baltics were renegade states, that he sees them as part of the greater Russia, that sort of thing?

Mr. O'BRIEN. Yes, he has.

Senator RICKETTS. Great. Thank you very much.

The CHAIRMAN. Senator Booker.

Senator BOOKER. Thank you, Mr. Chairman.

The existential nature of where we are right now, Mr. O'Brien, is something that cannot be understated if we do not rise to meet this moment in the United States of America.

From China to Iran, people are watching the resolve of this nation to protect a democratic ally. Failure in this moment could have catastrophic costs not only to Russia's continued territorial ambitions, which they have made clear and laid plain, but also China and Iran as well.

I want to thank the Biden administration for putting Penny Pritzker in charge of really focusing on reconstruction and I think we do not have—we have a little bit of historical amnesia about how critical that is to preserving democracy.

Years before the end of World War II, years before, we began work on the Marshall Plan and we saw after World War II that countries that had been devastated at war are very susceptible to the winds of extremism, whether it is fascism or communism, that undermine the ability for governments to sustain themselves, and I think we are at that moment right now where discussing reconstruction at this point is so critical because investments made now are not only important for the war effort, but sustaining the Ukrainian people, going forward.

I wonder—there seems to be a lack of understanding that the supplemental resources that are being debated in Congress right now are for critical investments not just for winning the war effort, but in helping for the critical long-term reconstruction.

I was wondering, Mr. O'Brien, if you could speak to the urgency not just to supplying their military with resources, but the urgency right now, both in the immediacy and in the long-term, why this supplemental is critical investments that will pay dividends for the security and the strength and the victory that we are looking for in Ukraine.

Mr. O'BRIEN. Thank you, Senator.

I will try this and I know each of my colleagues have a piece of this as well.

I think that is very well said and what we see in the integrated supplemental request is an effort to address each part of what is needed for Ukraine to thrive during the war and be prepared to succeed after the war.

Right now if we provide the air defense that is needed, the economic industries that drive Ukraine's economy can begin to work again. That is employment and hope for Ukrainians.

It is tax dollars that go to make up the shortfall that we are currently meeting with our partners on the direct budget support. If we can then create the space for the energy supply to be reliable then we have employment and Ukraine's economic activity working. That is what Ambassador Pyatt is working on.

There are about \$2.2 billion to go to both the energy supply and to the economic activity that is needed for Ukraine to begin to repair its access to the outside world. That is also important to us.

When Russia invaded Ukraine, grain prices went up six times in many places around the world because Ukraine is an incredibly important part of the global grain trade.

The work that USAID does to help Ukrainian farmers get their products to market in the supplemental, the \$100 million dollars that is for demining will help farmers get their product to market.

All of that directly benefits the markets in which our consumers are a part. If we do all that, then Ukraine has—as I mentioned in my statement, if we can get them to about pre-war export levels, that is an extra \$6 billion a year in tax revenue just from the exports as well as what the industries pay and what happens around the society.

Now, Secretary Pritzker—and she should come and testify this, herself—she is doing an outstanding job at building a strategy that lets us focus our efforts in key places so that Ukraine's economy will begin to work and contribute to the global economy even while this war is going on.

All of that works together to make sure that Ukraine can succeed and has the leverage needed when we get to a negotiation as Senator Paul wanted.

Senator BOOKER. In my seconds left it is so frustrating to me to see that people do not understand essential to winning the war is investments in this space, and if you listen to the Ukrainian people and folks I have talked to, they are looking for resources to strengthen their democratic institutions, their energy sector, their nuclear sector, anti-corruption efforts that are going on right now that are critical to winning this—governance reforms, European cooperation and integration, modernizing and diversifying key elements of their economy.

Without this we cannot win, and to be penny wise and pound foolish really is to undermine ultimately the war effort and the effort to win the peace.

Yes or no, you agree?

Mr. O'BRIEN. Yes.

Senator BOOKER. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Schatz.

Senator SCHATZ. Thank you, Chair and Vice Chair, and thank you all for being here.

I want to start with the basic question for Secretary O'Brien, and I do not want you to overdo it. I want you to really give me your blunt assessment.

What do you think the connections are between Russia and Hamas? We have seen that they had a delegation in Russia. We have seen an unwillingness to designate them as a terrorist organization.

What else do we have in terms of a through-line? I believe we are in a fight against global fascism, but that does not necessarily mean they have operational ties to the extent that we can prove them.

Give me the real scoop on how closely they are aligned right now.

Mr. O'BRIEN. I think there are probably details that are more suitable for another venue.

Senator SCHATZ. Sure.

Mr. O'BRIEN. President Putin sees Hamas as a way to distract us and to weaken the coalition that we have built against him.

His unwillingness to condemn what Hamas did October 7 and his unwillingness to use any leverage he might have to get them to, say, move out of Gaza cities so that it is not the subject of the focus it is now, is a sign that he prefers to see us distracted by this fight and he prefers to see Hamas a sort of second front against us, and that is the connection that is most troubling.

Senator SCHATZ. If Putin is successful do you think he then—I mean, we obviously understand he has additional territorial ambitions, but obviously—but my question is if he is successful does he deepen ties with some of these terrorist organizations because he has now got some new capacity having won the war?

I do not want to contemplate this, but I think that that is what we are really talking about here. If we do not provide funding, that could be it. We hope that we provide funding and we hope that if we do not, somehow the Ukrainians and the Europeans and everybody else pulls a rabbit out of a hat.

I think that we need to be clear-eyed about what it would mean to—for a second time vote no on a supplemental or do Israel only or do a CR with no hope of a supplemental. I want to understand what does Putin do next if he wins.

Mr. O'BRIEN. He wants instability around his borders. If Ukraine loses, he will promote instability in the Baltics and around Eastern Europe across the Black Sea. He will also reach into Africa and the Middle East where we see him already active. He will try that anyway, but he will be much more powerful if we walk away.

Senator SCHATZ. Thank you.

Mr. Pyatt, how are we managing the energy infrastructure question? Obviously, Putin is trying to weaponize civilian infrastructure against the people of Ukraine. How do we help? What can we be doing?

Mr. PYATT. The most important thing we have done is mobilized our allies and partners around the world. The United States has provided significant assistance.

I was in Kyiv in December the week that the first tranche of Department of Energy-sourced hardware from the United States was delivered to Poland and then onward into Ukraine.

There was a profound sense of relief as if the cavalry had arrived, but since then, as I mentioned, we built this G-7+ coalition involving our G-7 allies and the regional neighbors and key institutions like the EBRD to mobilize assistance, to listen to the Ukrainians, to source this stuff.

To give you an example, one of Putin's principal targets last year were these high-voltage auto transformers which connect the national Ukrainian grid. His objective was to fracture the grid, to



deny Ukraine the ability to move power around the country and keep houses warm.

We have worked with Japan, we have worked with Korea, to source the auto transformers and the equipment that Putin is destroying. We have a lot in the pipeline, but we face supply chain challenges.

The other aspect of this, Senator, if I can for a minute on your question to my colleague, Assistant Secretary O'Brien, I was ambassador in Ukraine when the occupation of Crimea happened and I remember vividly at that moment working with many members of this committee. I remember the analysts stating confidently that that would keep Putin busy for a decade.

That was not the case. In fact, a few weeks later I had a CODEL that I was hosting. I remember distinctly Senator Barrasso and Senator McCain were coming to Ukraine. We were going to go to Donetsk, to the capital of Donbas.

That CODEL—that trip was scrubbed at the last moment because Russian-supported forces had begun to flow into Donbas. I think we need to take Putin at his word. His objective is the dismemberment of Ukraine and if he is successful in that effort he will then move on to his next targets.

I fully agree with my colleague, Jim, but also would underline the immediate tactical relevance of the support we provide in the energy sector.

As I said, that equipment delivered last December some of it was plugged into the grid in a matter of days and so the—and the ability to continue to do that kind of procurement is directly linked to the resources that are part of this emergency supplemental.

Senator SCHATZ. In other words, we need this money to get—for Ukraine to get through this winter. Set aside the defensive and offensive capabilities. In order for people in Kyiv to not freeze we need some resources so that we can back-stop whatever mischief Putin may be doing to the grid?

Mr. PYATT. That is exactly right, and then on Ranking Member Risch's point about connecting the dots, I would point out that the greatest threat to the energy grid today are the Shahed drones and which Russia is now beginning to industrialize the production of those. We can talk about that in a classified setting, but there is a direct Iran-Russia nexus in the attacks on Ukraine's energy system.

Senator SCHATZ. Thank you.

Senator SHAHEEN [presiding]. Thank you, Senator Schatz. I am up next and I would like to bring the conversation back to what I think we talk about a lot, but sometimes we forget; the human cost of this war.

Last year I met with a group of Ukrainian women soldiers and one of the things they said to me I have repeated multiple times since that meeting and that is give us the weapons to fight the Russians so that the United States does not have to.

Well, I had a chance to meet with one of those young women again recently. This is Andriana. Some of you may have met with her when she was in Washington a couple of weeks ago.

She was driving in a civilian car on the front lines of the war because they did not have armored cars and she hit a Russian anti-tank mine and she was temporarily paralyzed.

As you can see from the photos, she has spent some time in recovery—9 months. She had to relearn how to walk, but as she said to me when she came back to Congress, she is planning to go rejoin her unit because she is committed to this fight, and we had a really fun exchange about Ukraine's motto, which is freedom or death, and how she could identify with New Hampshire's state motto, which is live free or die.

Well, Ukraine is fighting so that we do not have to and people are dying to make sure that they can be a free country that is not occupied by Russia and they are fighting for democracy in the United States and around the world, and the United States, I believe, needs to continue to support this effort because not only is it in Ukraine's and NATO's and Europe's interest, but it is in our own national security interest.

Senator Schatz, I think was asking about the nexus between Russia and Hamas. Secretary O'Brien, can you talk a little bit more about what that nexus is?

How does the U.S. response to Putin's war in Ukraine serve the broader national security interest of not only defeating Russia, but of deterring Iran and beating back our other adversaries?

Mr. O'BRIEN. Thank you, Senator, and there is no one more eloquent than a Ukrainian fighter talking about her commitment to freeing her country.

As I said in my opening statement, this is about the foundation of freedom and stability that the U.S. has spent 80 years building and Ukraine has, after a few decades of finding its way as an independent country, unequivocally made the commitment that it wants to be a part of that foundation.

The rest of the world looks at us and asks are we ready to take this opportunity and bring 35 million talented people into the space that will help us as we move forward over the next decades.

If we say no to that, they will judge us as having turned our backs on the world and not caring about other places that also want to be a part of that foundation. It will set us back decades and will, I think, just make hollow the commitment that thousands of Americans made starting in the 1940s if we miss this opportunity.

Senator SHAHEEN. Thank you. I certainly share that.

Assistant Secretary Pyatt, last month I chaired a subcommittee hearing on the importance of the Black Sea region.

Can you talk about how Russians' actions in the Black Sea specifically affect Europe's energy potential and what can happen as the result of the vision that would allow energy from Central Asia to come across through the Black Sea region and supply southern Europe?

Mr. PYATT. First of all, Senator, thank you for your strong focus on the Black Sea region because you are exactly right, this is one of the fulcrums of the energy map of Europe today.

I think one thing that will be true whenever this war comes to an end, the center of gravity of Europe will shift to the south and the east.

The Black Sea becomes vitally important and the redrawing of the energy map around the Black Sea that is taking place—Romania’s investment and work that Romania is doing with support for my bureau to develop its offshore wind industry in the Black Sea, the new pipeline infrastructure that I have been involved in supporting through multiple jobs, the southern gas corridor, to bring gas from Central Asia to European consumers, the investment that we made to support new pipelines linking Greece to the countries of the western Balkans to allow them to break their 100 percent dependency on Gazprom.

What is happening in this Black Sea region is of vital importance. Right now it is significantly impeded by Russia’s occupation of Crimea and the military threat that Russia has presented to the Black Sea.

An important aspect of that which directly impacts American companies is the pipeline which goes from Kazakhstan to bring crude oil produced by Chevron and Exxon Mobil out into the Black Sea, which is vulnerable to the conflict that Russia has brought to the region.

As I look at the—and in this global responsibility that I have today, I have to think about the geopolitics of our energy interests around the globe, but the region that you focused on in the Black Sea is of absolutely critical importance and we are fortunate there to have very strong allies.

I have been to Bulgaria, Turkey, Romania three times in this role precisely because of how important it is to shaping the energy geopolitics of Europe and the wider region as we look to the future.

Senator SHAHEEN. Thanks very much. I agree.

Senator Murphy.

Senator MURPHY. Thank you very much, Senator Shaheen. Thanks to all three of you for being here today and for your great work on behalf of the United States and our interest in supporting a independent and sovereign Ukraine.

Listen, I do not understand the games that our Republican friends are playing with Ukraine aid. I think this is an existential moment. We are at the zero hour with respect to Ukraine’s needs.

I want to pass comprehensive bipartisan immigration reform as badly as anyone, but to hold Ukraine hostage to unlocking that very difficult knot is dangerous for us and the world, but I am there in good faith, trying to listen to my Republican friends to try to get a path forward here.

This is really one side of the equation, the support that Ukraine needs, and I hope that we find a path in the next 2 weeks to be able to get Ukraine the supplemental assistance it needs.

The other side of this equation is what we can do to make it harder for Russia to be able to sustain this level of operation and so I wanted to ask maybe both you, Ambassador Pyatt and Ambassador O’Brien, about how Russia’s long-term prospects look to be able to afford this war and what the United States can do.

Here is a note. Russia started out spending about 4 percent of GDP on military endeavors. This budget for the upcoming year will have them spending 6 percent of GDP on their military. That puts them in the top five in the entire world in terms of the percentage of their economy dedicated to military spending.

Note that number one on that list is Ukraine that is spending 33 percent of its GDP—33 percent of its GDP on the military.

The IEA projects that Russia's share of globally traded oil is going to fall by 50 percent by 2030 and that their net income from gas sales is going to fall from \$75 billion to \$30 billion.

You are spending already 6 percent of your GDP and you have a potential catastrophic fall coming in oil and gas revenue. That is one of the things, maybe the primary factor, that may push Russia to the table to try to drive a conclusion to this conflict.

What can we do as members of Congress and how can we support your efforts to continue to make it harder for Russia to finance this war and how much of that is dependent on our allies in India and our adversaries in China making different decisions than they are today?

I will stop there and ask both of you to comment on that quickly.

Mr. PYATT. Quickly, Senator, thank you for the question and you are exactly right in terms of the structural decline in oil and gas revenue that Russia is confronting. We are working as hard as we can to accelerate that trend.

We do that through two mechanisms. One is by accelerating our energy transition both here in the United States, but also globally as the Biden administration has done through the *Inflation Reduction Act* to reduce the dependence on fossil fuels.

The other aspect of this is what we are doing systematically to reduce Russia's future energy revenue. Just last week, for instance, we leveled new sanctions against a project in the Arctic, Arctic LNG II, which is Nova Tech's flagship LNG project which Nova Tech set in motion with the aspiration of developing Russia as the largest LNG exporter in the world.

Our objective is to kill that project and we are doing that through our sanctions working with our partners in the G-7 and beyond.

I think the other aspect of this, and it goes back to Senator Shaheen's point about the Black Sea, is how we work with the countries that have historically depended on Russia and on Russian energy and have been paying into the Kremlin's resources.

We have done that quite successfully in Europe. We need to keep focusing on the Asian front. We do that through the price cap coalition and I think it is important also to recognize that the price cap has worked in its dual objectives of reducing the Kremlin's revenues while also keeping Russian crude oil on global markets in order not to destabilize further a global energy market that the Kremlin has profoundly destabilized.

Let me invite Jim to add.

Mr. O'BRIEN. I completely agree with what Geoff has just said. I will try to focus a little more on the future here, that Russia is losing its lucrative markets. That is what got it rich enough to afford this war.

It is losing out in the sectors of innovation that are going to drive economic development in the future. We look at this and say does it put pressure on Putin to get to the table. Well, yes, it does. It is going to take a little time. He started the war with \$640 billion in a rainy day fund.

By the start of this year, despite record profits last year, he was down around \$580 million. We immobilized \$300 million of that and he has spent down further from there. That gives him a year, 2 years maybe, of run room on that that rainy day fund that all came from selling oil and gas, so that is gone.

The second thing is that we do not see Russia able to play in the sectors that are going to drive innovation and economic growth in the future, the areas of quantum mechanics, artificial intelligence, the energy transition, including the new nuclear technologies that are coming on board.

Senator Risch, your work on this I really appreciate because Russia entangles countries in these long-term networks of corruption with generation-long Rosatom contracts.

We are now competing for those again and taking those sectors away from Russia. That changes the long-term prospect from what it was. The result of all this is we anticipate that Russia's GDP is going to be at least 20 percent smaller by 2030 than it would be if Putin had not started this war.

It is a long-term strategic loss for him and it creates a great opportunity for us in a number of important sectors.

Senator MURPHY. Thank you.

The CHAIRMAN [presiding]. Senator Van Hollen.

Senator VAN HOLLEN. Thank you, Mr. Chairman, and thank all of you for your service and your testimony.

I just want to underscore what the chairman and others have said. I am sure all of you know this is a moment of truth for the Congress and for the United States in terms of the need—urgent need to continue to support our Ukrainian friends.

They are losing lives and giving blood. The least we can do is provide military assistance, and as all of you indicated it is important in itself to protect sovereignty and democracy in Ukraine, but this is also a much broader challenge.

If we do not go forward with the continued assistance, it will undermine the NATO alliance and other European partners, and we all know other autocrats around the world like President Xi are watching very closely as he keeps one eye on Taiwan and it would send a terrible message to our allies in the Indo-Pacific—Japan, Republic of Korea, and everybody else.

This is really a critical moment for the Congress and I want to thank all of you and the President for his leadership on this.

Ambassador Pyatt, thank you for your service in Greece, and as you well know—you worked on this—one of the key facilities that was built to help supply U.S.-based LNG to Ukraine and others in the region was at the port of Alexandroupoulos. Thank you for that effort.

I do want to pick up on some of Senator Murphy's points with respect to the oil price cap. I am a big supporter of it.

I think it was an innovative approach by the President and our allies to put this price cap on Russian oil and the impact, as you said, has been to reduce Russian oil revenues and, of course, oil revenues are the primary source of revenue for Russia and its war machine.

I do want to talk about further implementation and enforcement of the price cap. *Reuters* reported that Russian oil and gas revenues

more than doubled in October just last month compared to September, so a doubling in revenues.

The reports indicate that Russia is using a shadow and gray fleet to help avoid sanctions and it also raises the question of the extent to which we, the United States, and our partners are really enforcing the price oil cap if revenues doubled in 1 month.

Could you speak to that, please?

Mr. PYATT. Thanks, Senator, and I think your question and the data you put on the table illustrates the challenge that markets will try to find a way around these things.

The work that we do with the Office of the Sanctions Coordinator at the State Department, working closely with OFAC, to keep turning the screws is absolutely critically important—of critical importance.

That is why we recently delivered sanctions against two shipping companies who were found to be operating outside of the price cap notwithstanding the attestations. That is why both the Treasury and the State Department have been intensively engaged with shipping operators and with insurance providers to encourage high standards of scrutiny of the attestations that are part of this process.

I think I would also highlight the importance of the dialogues that I have had personally with key ship owners and shipping countries in order to highlight our resolve to continue putting a very bright spotlight on activities which are brushing up against the edge of the price cap.

Fortunately, the vast majority of the global shipping fleet, these are publicly traded companies, oftentimes with headquarters that are housed in London or New York. They are extremely sensitive to the kind of scrutiny that the U.S. and our price cap coalition allies can provide.

We do need to keep an eye on this shadow fleet—the growth of the shadow fleet and the reality that what was up until last year a fairly homogenized global crude oil market has now been bifurcated into two channels.

Senator VAN HOLLEN. Thank you.

If I could, because I see my time is running out, thank you. I just think we got to keep the pressure on.

My last question relates to the reconstruction effort. We had Scott Nathan, the head of DFC, before this committee not that long ago. As you know, we took OPEC and tried to beef it up into the DFC.

One of the things that apparently was left behind is OPEC allowed for much more easily available political risk insurance the way OMB scores it than DFC. That was not the intention.

The intention was for that to be more robust. Are you aware of this issue and can we fix it so that when it comes to getting more investment in Ukraine, under politically and other risky circumstances, we have all the tools available?

Ms. MCKEE. Thank you, Senator, for your question. Yes, I am aware and I do know that DFC carries political risk insurance which embedded and which is war risk insurance identified as one of the constraints to mobilizing new investors.

In addition, we are working very closely to ensure that there is access to finance and capital and other key drivers of growth for those companies that never left Ukraine including American companies in the agriculture sector or the IT sector in particular as well as energy and other key areas of opportunity.

I know that Secretary Pritzker is working closely with Scott to make sure that we do all we can collectively to help buy down some of that risk and make those tools available so that we can stimulate the economic growth necessary.

Senator VAN HOLLEN. I just understand that the way OMB is scoring this right now is handicapping those efforts and so I look forward to following up with all of you on that question.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Rubio.

Senator RUBIO. Thank you all for coming in.

It is my personal belief and I have tried to make this argument that the three challenges of what is happening in the South China Sea and the Taiwan Straits, what is happening with Iran's desire to build a Islamist regional order centered on Tehran, and what is happening and what Putin has done in Ukraine—that those three things in combination—any one of the three can—holds the real risk of escalation and spiraling into something worse, but the combination of the three really are an inflection point that will determine, in my view, much of what the rest of the century is going to look like.

It is in that context I think we have to analyze what is happening in Ukraine. I want to be frank with you about our problem.

Our problem is I am not sure that that argument from a growing number of people—let me just be colloquial about it and tell you what I hear. People come up to me and say the following: we have 5,000, 6,000 people a day crossing our border. We have got all these other needs. We are running up this enormous debt.

Now, obviously, we got to help Israel. We still have to build up our military because the real risk is China. Where—why is Ukraine important in that context?

I hear that constantly and I hear that from people that a year and a half ago wanted to do more. I hear that from people that are not necessarily fans of Vladimir Putin.

I think it is unfair to say that people that have questions about the effort in Ukraine are somehow pro-Putin. I also think one of the dangers we face in these three challenges that I think are definitional for the rest of the hundred years or the rest of the century is the tradeoffs that are going to have to happen. We are going to have to make policy decisions because one of the risks we run is being overextended.

Now, I understand, and this is just not critical—I understand. I agree with all the things about we cannot allow borders to be changed unilaterally and we have to stand with our allies.

I am not diminishing any of those things and I—but these arguments that—those arguments are too vague. They make sense here, but I am just telling you they are too vague and I think that they are also—this notion that we need to do whatever it takes or however long it takes is also misguided not because that—not nec-

essarily what we need to do but because that is not going to be enough for people that are asking these questions.

I would just say if you had an opportunity, any of you three or all of you three, to talk to someone, say, someone that came up to me a week ago and said, why are we still putting all this money in Ukraine, I hate Putin, I hate what he has done—but we have got all these other things domestically and in other parts of the world that are more important including China and now what is happening in the Middle East, are we going to be spending \$60 billion every 6 months for how long, given the debt that we already have?

What would you say to them and how would you explain to them that this fits in to our national interest and that perspective I have just outlined?

Mr. O'BRIEN. That is really well framed, Senator, so I will do my best here.

I think the first thing I would say is you got to shore up your own base. If we are going to confront China over the next decade—it is 1.4 billion people that is looking to write the rules that the world economy will run on—we go at them with a coalition of 50-odd countries. Europe is about 600 million to 700 million of that. We are 350 million. With that already we are set to compete really effectively.

Ukraine, though, is a challenge by Putin trying to fray that foundation. We have to shore that up if we are going to—if we are going to have the heft to compete with China over time.

The battle over Ukraine also allows us to reinvigorate our own industrial base. We are creating new energy technologies and putting them in place around the world.

We are building new defense technologies, the work that is being done in IT—all of that is included in this supplemental and that is going to make us better able to defend Taiwan, to work in the South China Sea, than we have otherwise.

The final point I would make is this is the wrong time to walk away because Ukraine is winning. It has already taken back half the territory Putin seized since February 2022.

It has opened up the Black Sea grain lanes that Putin tried to shut down in July. Did that mostly with its own creativity around a whole set of interesting drones and other technologies that are going to contribute to our security as Ukraine gets closer to NATO.

Those are all reasons you do not walk away when you are part-way through the job.

Ms. MCKEE. I would just add my—and thank you for the question. It was well framed.

My dad asked me the same question, why are we supporting Ukraine and I—the answer that I gave him was that if we do not—American leadership has unlocked the alliances and the mobilization of all of the support that we have seen.

Number one, we are not alone. We are in this together, and number two, if we falter in our support, Russia will win, and they will not stop at Ukraine and we have been able to support through economic assistance, humanitarian assistance, and security assistance without having our own soldiers on the ground and we want to do everything we can to prevent that from happening.



The CHAIRMAN. Senator Duckworth.

Senator DUCKWORTH. Thank you, Mr. Chairman, and thank you all three of the witnesses appearing today.

Secretary O'Brien, it is good to see you again so soon after our discussion during the recent hearing that Senator Shaheen and Ricketts convened on Black Sea regional security.

I also had the opportunity to meet with Penny Pritzker just last week and just yesterday I sat down with Ukraine's energy minister as well. All of our conversations focused on how bolstering Ukraine's economy today can give them direct returns in terms of their GDP and also more immediate revenues to get them on a stronger path to self-sustainment even during an active war.

Bottom line, there is still a lot of work to be done, but also a lot of opportunity here and moving quickly to pass a supplemental support package is necessary to capitalize on that opportunity.

I feel that sense of urgency, particularly as we approach the winter months and the anticipated increase in threats to Ukraine's energy sector. They mentioned to me that last year there were 300 direct hits on Ukraine's energy sector, a grid or a power station or something like that, and certainly they anticipate even more drones being massed against their power system.

I want to associate myself with my colleagues and I also appreciate your testimony, Secretary Pyatt, about the United States leadership in support of Ukraine's energy sector.

I would love to give you a chance to chat about how important Ukraine is to the region in terms of energy and what it can do going towards the future.

I had a—I sat down yesterday and talked at length about—with their minister of energy about SMRs, their leadership role in nuclear, their ability to develop nuclear technology in particular with American firms like Westinghouse, what Romania is doing with SMRs and all of that.

I would love for you to speak to that and how it is important to make these investments now because they can actually contribute towards that energy future—that clean energy future.

Mr. PYATT. Thank you, Senator, for the question and I think you framed it very well.

It is important to recognize Ukraine is not a charity case. In economic and development terms it is an opportunity. Developing that opportunity depends on restoring a level of peace.

As we look to the future you are going to have a Europe which has decoupled from Russian energy supplies, which means that there is a hole of about 130 BCM per year in energy supply that Europe is going to have to fill. Over the short-term some of that is American LNG, but that is a very expensive option.

Ukraine has fantastic resources on wind, on solar, on biomass. It has Europe's second largest civil nuclear industry. It has developed and has demonstrated an extraordinary technological acuity.

Just look at how clever Ukrainian soldiers have been in the application of satellites, of drone technology. The same—these are all the skill sets that Ukraine will need to prosper as a member of the European Union.

My colleague, Assistant Administrator McKee, referred to the statement which European President von der Leyen delivered

today welcoming the significant progress that Ukraine has made on its reforms and her and the Commission's determination to move ahead with Ukraine's accession to the European Union.

I would say as somebody who served as an American ambassador in the EU for 6 years, Europe—what Ukraine represents, a demographically young population, a population which is fantastically committed to the values of the European Union, Ukraine is the only place in the world where people have fought and died under the flag of the EU for the values that are represented in the European constitutions.

I think the investments and the leadership that Secretary Pritzker is providing to help our companies and companies around the world begin to make plans for the day after and to work with the Ukrainians to keep pushing forward with the reforms which are fundamental to creating the environment where American energy companies—renewable energy companies can come into Ukraine, where we can use Ukraine to help to fill the huge challenges that our global supply chain faces.

Ukraine—in the Soviet Union, Ukraine was the center of Soviet metallurgy, the center of Soviet petrochemicals industries. All of those latent skills are still there.

You talked about nuclear. Ukraine has a company in Kharkiv, Turboatom, which is one of the few facilities in all of Europe that has the industrial capacity to produce the large steel enclosures that are part of building modern nuclear reactors.

I applaud your focus on this and I know I speak for all three of us and how systematically we are focused on trying to lay the foundation for that better future that the Ukrainian people so richly deserve.

Senator DUCKWORTH. Thank you. I am out of time. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Menendez.

Senator MENENDEZ. Thank you.

Secretary O'Brien, maybe you can work with me in going through a series of questions here and some rather brief answers.

Is it not true that our support of Ukraine avoids the need to risk American lives in a larger potential European war by denying Russia the opportunity to send forces into potentially NATO allies?

Mr. O'BRIEN. Yes.

Senator MENENDEZ. Is it not true that the impact of a Ukrainian defeat would be far more expensive than remaining committed to Ukraine?

Mr. O'BRIEN. Yes.

Senator MENENDEZ. Is it not true that what we are doing is creating American jobs by spending funds on modernization of our military, replacing comparatively older weapons that we provide to Ukraine that are not essential to U.S. readiness?

Mr. O'BRIEN. Yes, and Secretary Austin was very clear about this in his testimony last week.

Senator MENENDEZ. Is it not—although this is not our purpose, but is it not true that Ukraine's operations on the battlefield have exposed Russian weaknesses and operational capacity and readiness, which benefits the United States as we learn about any potential conflict against Russia?

Mr. O'BRIEN. Yes.

Senator MENENDEZ. Is it not also true that this conflict has catalyzed the U.S. Defense Industrial Base, enabling it to set up production lines necessary to support the United States and other partners, for example, Taiwan, down the road if necessary?

Mr. O'BRIEN. Yes. The U.S. and the base of our allies, as well.

Senator MENENDEZ. Now, is it not also true that Xi Jinping in China is watching what is going on in Ukraine and how we, the United States, and the Western world is responding to that conflict?

Mr. O'BRIEN. I imagine he is.

Senator MENENDEZ. I would think that not only is he watching, but he is calculating. He is calculating as to can my military do what I think they can do, and I saw the much vaunted Russian military against at that time a inferior fighting force by size and capacity be able to stand up to Russia.

He has got to be saying that to himself as it relates to any desires on Taiwan. He has got to be saying that to himself as it relates to whether the international community is going to respond as the international community has responded on Ukraine by sanctions and other efforts. Is that a fair assessment?

Mr. O'BRIEN. It makes sense to me, Senator.

Senator MENENDEZ. Okay. Is it not also true that the supplemental dollars, much of which will be spent in the United States here in creating jobs here at home as we support an ally abroad, that that is a positive economic opportunity for us, but the impact of a Russian victory on the European economy and U.S.-European trade if that was the case, would that not be a huge negative?

Mr. O'BRIEN. Yes.

Senator MENENDEZ. Then, lastly, if we were—some of our colleagues here who seem to want to link the critical elements necessary to support Ukraine and for that fact the state of Israel, and to support Taiwan that is all called for in this supplemental, they want to link it to things that have nothing to do with the ability for us to help these countries be able to help us stand up for the international proposition that you cannot by force take another country's territory and that there are consequences for it.

What would the Europeans—what would the world say if we walked away from Ukraine? If we said, okay, no mas, enough, what would be the consequence of that?

Mr. O'BRIEN. I think the world would judge us weaker and foolish for walking away from a tremendous opportunity to build the alliance that has brought us here.

Senator MENENDEZ. Not only would it say we are weaker and foolish, who would join us if they know that at some point we will cut and run?

Mr. O'BRIEN. I think, Senator, the question answers itself. No one.

Senator MENENDEZ. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Barrasso.

Senator BARRASSO. Thanks so much, Mr. Chairman.

Mr. Pyatt, I just wanted to ask you this, just listening to Senator Menendez using the words weaker and foolish.

In late 2021 the State Department sent an interim international energy engagement guidance to embassies, essentially barring the U.S. government support for future fossil fuel projects.

This could affect terminals in Europe who currently would be receiving U.S. LNG. Shortly after the cable went out Putin's armies invaded Ukraine. It is astonishing to me that the same Administration that issued this foolish anti-American energy guidance refused to impose sanctions on Putin's Nord Stream 2 pipeline before the war.

Seems like the Administration would rather sanction American energy. Does the policy outlined in this cable still remain in effect?

Mr. PYATT. Senator, the energy engagement guidance remains in effect, but I would also note that the geopolitics of energy after February of 2022 looks different.

The United States is now the world's largest LNG producer and we are going to retain that status for years and years to come. Europe looks to the United States for its energy security.

Europe is the largest market for American LNG. That will continue for years to come. Seventy percent of our LNG exports last year helped Europe to escape its dependence on Russia.

I think the landscape has changed and the—I would note also that the energy guidance was drafted with carefully defined exceptions including exceptions both for humanitarian development reasons and also for geopolitical reasons and that is—a lot of the work that I do and my team does is thinking about those geopolitical arguments.

Senator BARRASSO. Well, thank you. I regret that it still remains in effect and I would love to see it eliminated.

Ms. McKee, I want to talk about Ukrainian children. One of the biggest victims of Russia's unprovoked war are Ukrainian children. Since Russia's invasion of Ukraine, the world watched Russian President Putin bomb orphanages, attack schools, shell children's hospitals.

That is not enough. Russia has also abducting, transferring, and forcefully adopting thousands of Ukrainian children. They are just taken away.

Almost a year ago the U.S. ambassador to Russia committed to me on this committee to address the issue. She pledged to coordinate with the U.S. ambassador to Ukraine, Bridget Brink, and I met with Ambassador Brink last week to document and expose these horrible practices.

Ambassador Tracy also promised to help get these children back to their parents, so please update me on the status of the efforts.

Ms. MCKEE. Thank you, Senator, for your question, and I would agree wholeheartedly that the most tragic victims of the conflict are the Ukrainian children who have been forcibly ripped from their homes and their homeland.

We are working closely with several organizations to not only connect those dots that Ambassador Tracy and Ambassador Brink signaled to you that we are committed to, but we are documenting and ensuring that the follow-up to be able to return them if they were orphans to some family member who can be identified through DNA testing and other tracing elements as well as ensuring that the pipeline, if you will, from Russian-occupied territory

back into Russia and other places is severed as quickly as possible and that requires courage and bravery on the part of those that are inside those areas to identify, stand up for, and share the names and locations with us.

I cannot in this setting share with you a significant amount of detail, but I can tell you that we are laser focused and that I know Ambassador O'Brien and the State Department and Ambassador Van Schaack are also focused on this terrible collateral, if you will, of Putin's wanton aggression.

Senator BARRASSO. Do you have a general range on how many Ukrainian children the U.S. may have helped reunite with their families at this point?

Ms. MCKEE. I will have to get back to you with that number.

Senator BARRASSO. Okay. In this setting what you can in terms of what system has been established—you said you could not go into all the specific details—but can you talk a little bit about the system that has been established to document and expose the practices by Russia?

Ms. MCKEE. We have a network that started before the invasion of basically access to justice, sort of legal aid clinics. That network employed about 20 attorneys and we had seven sites.

Today we have over 22 with over 70 attorneys that are providing legal advice and guidance to those who fear their children have been taken as well as starting to document and create the file so that ultimately accountability and prosecution can take place.

Senator BARRASSO. Then a final question, if I may, Mr. Chairman. This is to Mr. O'Brien.

In terms of a counter offensive 5 months ago Ukraine launched its counter offensive against Russian forces. Since then the gains at the front line have been limited—positive, but limited.

Last month President Zelensky said Ukraine's success in the battle for the Black Sea will go down in history books, although it is not being discussed much today.

What is needed for Ukraine to be even more successful in their counter offensive and what strategies have been most effective in pushing back Russia?

Mr. O'BRIEN. Certainly, a briefing in a classified setting would let me go into more, and maybe a more expert witness. I would say two things.

Ukraine has won back 50 percent of the territory Russia took since February of 2022. The second piece that is important. Putin is playing a waiting game like many Muscovite rulers before him, so it is difficult to get a decisive battle.

What we need is what is in the supplemental—that is, the ability to fight this fight over some time and we do see real success. In the Black Sea, Russia attempted to stop Ukraine from exporting.

In July, exports were down two to two and a half million tons. They are already more than doubled and expect to see them go up substantially more.

That is because of what Ukraine has done with its technology and its new weapon systems, more of which would be provided by the supplemental.

Senator BARRASSO. Thank you. Thank you, Mr. Chairman.  
The CHAIRMAN. Thank you.

Senator Risch.

Senator RISCH. I thank all of you for your service. I appreciate it. Good messages you had here for us today.

If I can send one message back to the Administration and that is this thing cannot go on forever. There is no question about it. Patience will wear thin and it is not a good situation.

I have been an advocate from the beginning about giving the Ukrainians everything short of nuclear and the Administration has always responded with, oh, we do not want to escalate.

You have got to escalate. If you do not escalate, you are going to lose. Then—by the way, they have done eventually everything I have asked them to do. They still need to do more on the ATACMS and I want to see the F-16s. Give it to them and let them get this thing over with so we can move on.

That is my message is let us act like we want to win this and let us move it as quickly as we can.

Thank you, Mr. Chairman.

The CHAIRMAN. The record will remain open through the end of business tomorrow for questions for the record. I would ask that you respond. Friday is a legal holiday.

With that and our thanks again for everything you have done for our country and for being here today, the hearing will be adjourned.

[Whereupon, at 11:56 a.m., the hearing was adjourned.]

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#### ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

##### RESPONSES OF MR. JAMES O'BRIEN TO QUESTIONS SUBMITTED BY SENATOR JAMES E. RISCH

*Question.* What is the endgame for U.S. support to Ukraine?

*Answer.* We are working so Ukraine wins. Toward this end, we are providing the assistance necessary to help Ukraine: 1) prevail over Russia's aggression and deter future aggression; 2) fend off Putin's attempts to destroy its economy; 3) keep strengthening its democracy and rule of law; 4) create a future force necessary to secure the peace; and 5) work towards its EU and NATO accession goals.

Putin and potential aggressors around the world think they can outlast us—that the United States and its allies and partners will lose focus and will be unable to sustain our support for Ukraine. We must prove them wrong.

*Question.* What do you assess to be the primary factors that limit Ukraine's ability to retake territory more rapidly and what does Ukraine need in order to overcome those factors?

*Answer.* Russia is waging war both on the battlefield and against Ukraine's economy. Putin is seeking to break Ukraine's economy, including its ability to generate revenue, and hopes that by striking on the home front he can undermine Ukraine on the battlefield. Therefore, Ukraine needs security, economic, and humanitarian support to ensure Russia's strategic failure.

I would refer you to the Department of Defense for a military analysis of Ukraine's ability to retake additional territory currently under Russian occupation. Working with the Department of Defense, we have identified the following military capabilities as high priorities for Ukraine: air and missile defense, artillery, armor, anti-armor, fixed wing, and maritime security capabilities, along with critical maintenance and sustainment requirements. Ukraine also needs support with demining activities, including training and equipment to build local capacity to remove explosive remnants of war.

Meanwhile, Ukraine needs continued direct budget support to keep first responder and essential services in the fight; they will use this assistance to bring in U.S. investment and open avenues for Ukrainian revenue generation to replace our aid.

*Question.* What concrete action is the Administration taking to help Ukraine retake its occupied territory, versus merely helping them hold the current battle lines and survive?

*Answer.* The Administration continues to work closely with Ukraine to identify evolving needs on the battlefield as their brave troops fight to counter Russia's aggression, restore Ukraine's territorial integrity and retain its sovereignty. Toward this end, the United States is providing Ukraine with the political, security and economic assistance necessary to 1) prevail over Russia's aggression; 2) build a solid democracy based on the rule of law; 3) create a future force necessary to secure the peace; and 4) integrate with the EU and ultimately, NATO.

The United States has provided approximately \$44.2 billion in security assistance to Ukraine to help Ukraine defend its territory and protect its people. This security assistance has included a wide range of capabilities, to include: Patriot air defense system, Abrams tanks, and 155mm artillery ammunition, among other systems. We continue to provide Ukraine with security assistance according to its evolving battlefield needs, but we urgently need the additional resources requested by President Biden to ensure we can deliver the capabilities Ukraine needs to defend itself.

In addition, we continue to engage with Allies and partners around the world to encourage them to provide their own security assistance to Ukraine and to coordinate our efforts. Our Allies and partners, particularly those in Europe, have stepped up to provide significant capabilities to Ukraine. As a measure of Allied support, the United States currently ranks in 14th place among all countries in terms of security assistance to Ukraine as a percentage of GDP.

Meanwhile, the United States is working with Kyiv to build Ukraine's defense industrial base and future armed forces to shoulder more of its needs without foreign assistance.

Furthermore, to counter Putin's attempts to wage economic war on Ukraine by collapsing the Ukrainian economy, destroying the energy grid, and weaponizing winter, the United States and our Allies and partners are supporting urgent recovery needs and programming requirements to make Ukraine less reliant on foreign budget support.

This war is winnable. With our sustained support, and that of our Allies and partners, Ukraine's forces will be able to continue to take the fight to Russia's forces and push them back.

*Question.* In your assessment, what would be the outcome if the United States ends military and economic support for Ukraine?

*Answer.* A lapse in U.S. support for Ukraine would immediately impede Ukraine's performance on the battlefield, would compromise the security of our NATO Allies, would call into question the core values of the United States and our commitment to a free and fair international system, and would affirm for Putin that he can wait out Ukraine's supporters.

Additionally, other security assistance donors follow our lead, which is why our continued support is important to get Ukraine the timely security assistance it needs. It would risk Allied and partner unity on sanctions and other restrictive economic measures meant to change Russia's calculus for waging this war.

Lessons of the 20th century make it clear: if we don't stop aggressors early, we get pulled into a larger war. It is important that when aggressors strike, the United States rallies Allies and partners to fight back; this reinforces Transatlantic security and is a long-term signal of deterrence against Russia, Putin, and those autocratic systems that would seek to replicate his actions elsewhere.

*Question.* Why is the Administration only requesting \$7 billion for FY24?

*Answer.* This is one of several authorities. We are also helping Ukraine recover so that it can make and buy more weapons on its own.

The Presidential Drawdown Authority (PDA) provided in section 506(a)(1) of the Foreign Assistance Act has been used to provide Ukraine equipment from DoD stocks and other defense services. PDA supports the rapid delivery of urgent defense capabilities, compared to FMF and USAI that generally require a procurement process usually occurring over an extended period of time (unless being used to purchase or incentivize donations of urgent capabilities from partners in the short-term). A total of \$7 billion in PDA would allow for the United States to continue to provide the Ukraine Armed Forces what it needs on the battlefield as well as meet other global needs, if necessary. About \$4.9 Billion in transfer authority is still available under past drawdowns to provide assistance to Ukraine.

DoD's request for both an additional \$7 billion in PDA and \$18 billion in requested replenishment funding will allow the U.S. to continue utilizing PDA to provide needed assistance to Ukraine and procuring additional systems to replenish both previous and future transfers.

*Question.* What is your estimated timeline for security assistance deliveries through USAI and FMF?

*Answer.* We are continually working to expedite deliveries as quickly as possible in close coordination with Allies and partners, who are also providing their own security assistance to support Ukraine's defense needs. While deliveries of new procurements are subject to U.S. industry timelines, we have used both USAI and FMF effectively to obtain what Ukraine needs in the short-term. We have used USAI military grant assistance funds to procure capabilities from industry and partner countries while focusing FMF grant assistance mostly on incentivizing short-term donations of critical military equipment from partners and allies. Some of these capabilities can be delivered in weeks, while others represent the beginning of a longer-term procurement process. Delivery timelines ultimately depend on individual capabilities being procured. Ukraine has already received a significant amount of capability through these mechanisms, to include air defense systems like NASAMS and HAWK; 155mm artillery rounds; counter battery radars; and strike and ISR Unmanned Aerial Systems. Given operational security reasons, we are unable to comment on specific details of pending deliveries of previously committed items. However, in concert with the Department of Defense, we could offer additional information in a classified setting.

*Question.* How are State and USAID planning to work with the U.S. private sector in Ukraine reconstruction?

*Answer.* State and USAID work together with the U.S. private sector to support businesses in Ukraine, facilitate trade, and promote American business investment. We also are working closely with the Government of Ukraine in support of its efforts to attract foreign investment more generally.

On September 14, President Biden appointed former Commerce Secretary Penny Pritzker to serve as the Special Representative for Ukraine's Economic Recovery. Special Representative Pritzker works to increase coordination with allies on Ukraine's economic recovery, mobilize the private sector to increase commercial activity and jobs creation in-country, and establish the enabling conditions that will support private-sector investment and Ukraine's integration into Western markets.

State is providing funds to the World Bank's Multilateral Investment Guarantee Agency (MIGA) to help strengthen Ukraine's private sector, including by making capital financing and risk insurance available to boost the economy and tax base.

State and USAID are helping overhaul Ukraine's energy grid, making it cleaner, resilient, and more integrated with Europe. These investments will also support Ukraine's energy market reforms to combat monopolies and to spur more private investment, which will enable Ukraine to become a major energy exporter.

In addition to State/USAID-funded programming that benefits the private sector, USAID has leveraged over \$30 million in private sector donations and pro-bono support in key USG priority areas such as documenting war crimes, enhancing cybersecurity, and mitigating the costs of private sector investment in Ukraine.

USAID's Agriculture Resilience Initiative (AGRI) Ukraine initiative supports Ukraine's export and agricultural sector needs and helps alleviate the global food security crisis. USAID has leveraged more than \$250 million in private sector, donor and foundation contributions in support of AGRI-Ukraine.

USAID is complementing the International Development Finance Corporation's (DFC) efforts to mobilize private capital and support the Ukrainian private sector using DFC's financial tools. DFC and USAID have signed an MoU with the GOU to work together in identifying and developing private sector projects in Ukraine for consideration for DFC support.

*Question.* How can the seizure and repurposing of frozen Russian assets contribute to Ukraine's economic recovery?

*Answer.* Our support is crucial to keeping Ukraine in the fight. We are working with partners and Allies to help Ukraine's economy get back on its feet and, over the long run, thrive. The United States and our G7 partners have committed to keeping Russia's sovereign assets immobilized until there is a resolution of Russia's war that addresses Russia's violation of Ukraine's sovereignty and ensures Russia has paid for the damage it has caused.

Seizing Russian sovereign assets raises complex legal and policy issues. Most of the assets are not located in the United States, and even for those assets that are within U.S. jurisdiction, we do not currently have domestic legal authority to take



these actions. I know there is Congressional interest in seizing Russian sovereign assets to use for Ukraine's recovery and that proposed legislation would provide the President with authority to do so. I look forward to working with Congress on this important issue.

*Question.* Why hasn't the Administration provided the more advanced versions of ATACMS to Ukraine?

Answer. The United States is in constant communication with Ukraine about its most pressing assistance needs as it defends against Russia's invasion of its territory. We recently provided a type of ATACMS capable of ranging out to 165 km that can provide a significant boost to Ukraine's battlefield capabilities. This new capability gives Ukraine the ability to strike deep area targets in Ukraine to deny Russia's forces a safe haven in occupied territory. We are committed to continuing to provide Ukraine's forces with the military aid they need to succeed on the battlefield and defend their freedom and independence—and to ensure Russia's strategic failure.

*Question.* Why has the Administration failed to move more swiftly and accelerate this process?

Answer. The United States will continue to use a wide range of available tools to respond to Ukraine's urgent battlefield requirements with urgency and purpose. Decisions to transfer U.S. systems to Ukraine require close coordination within the U.S. Government as well as with Ukraine, and often with key Allies and partners as well. We will continue to provide priority capabilities to Ukraine, including air defense and artillery ammunition, in consultation with Ukraine and will work around the clock to continue deliveries to support Ukraine.

*Question.* When Ukrainian pilots have been trained, does the U.S. intend to provide Ukraine with F-16s? Why or why not?

Answer. The United States continues to do all we can to strengthen Ukraine's ability to defend itself, including joint efforts with our Allies to train Ukraine's pilots on the F-16. As the training takes place over the coming months, our coalition of countries will continue to discuss when to provide fourth-generation fighter aircraft, how many we will provide, and who will provide them. The Netherlands, Denmark, Norway, and Belgium have already announced their intent to donate F-16s to Ukraine. We will review all necessary third-party transfer requests, and these F-16s will be the foundation of Ukraine's F-16 capability and its future NATO interoperable air force. The United States does not plan to provide F-16 aircraft to Ukraine at this time, but we will continue to work closely with our F-16 coalition partners and Ukraine to determine how many F-16s Ukraine will need to field an effective capability, including how many squadrons of 24 planes Ukraine will need. After this decision is made, the U.S. will consult with our coalition partners on additional sourcing of aircraft, if needed, as well as support capabilities, including munitions.

*Question.* When Ukrainian pilots have been trained, does the U.S. intend to provide Ukraine with F-16 maintenance support and parts for repair? Why or why not?

Answer. The Air Force Capability Coalition, which the United States co-leads with the Netherlands and Denmark, intends to address training, sustainment, infrastructure, aircraft, and munitions as a part of the joint effort with our allies and partners to provide Ukraine fourth-generation fighter aircraft. Maintenance, including spare parts, will be a necessary factor to consider before providing Ukraine with F-16s. We are working closely with our counterparts in the F-16 coalition to decide who will best be able to provide key support and maintenance functions for Ukraine's F-16s, as well as who will assist in training Ukraine's F-16 maintainers.

*Question.* What restrictions has the U.S. put on military equipment provided to Ukraine?

Answer. Ukraine's frontline units effectively employ military assistance at a large scale every day on the battlefield as they defend their country against Russia's aggression. The U.S. will not approve transfers if we assess that a recipient will be unable to adequately secure U.S. origin materiel consistent with the provisions of the underlying agreements supporting the sale or transfer of such equipment. Standard U.S. restrictions on third party transfer and end-use violation apply to all U.S. origin equipment provided to Ukraine. However, we have also been clear with Ukraine that the U.S. does not support Ukrainian use of U.S.-supplied equipment for direct attacks inside Russia. Additionally, before providing Ukraine with cluster munitions, Ukraine provided assurances and publicly declared that it will not use cluster munitions in urban areas or engage targets in Russia, while also recording

where these munitions are used and prioritize post-war demining efforts in these areas to mitigate any potential harm to civilians.

*Question.* What has the Administration done to ensure those requirements are met?

*Answer.* We continue to engage closely with Ukraine regarding usage of U.S.-provided systems. The Ukrainian Government has also shown they take this responsibility seriously. We are working with Ukraine to minimize the risks associated with the decision to provide cluster munitions. The Government of Ukraine has offered assurances on the responsible use of cluster munitions, including that these rounds will not be used in civilian-populated urban environments, and that Ukraine will record where these rounds are used, which will help with demining efforts. Ukraine also has committed to post-conflict de-mining efforts to mitigate any potential harm to civilians.

Additionally, the United States takes very seriously our responsibility to protect American defense technologies and prevent their diversion or illicit proliferation. This is true even as we are realistic that we are sending weapons to help Ukraine defend itself in an active conflict. The Biden administration released the U.S. Plan to Counter the Illicit Diversion of Certain Advanced Conventional Weapons in Eastern Europe (<https://www.state.gov/u-s-plan-to-counter-illicit-diversion-of-certain-advanced-conventional-weapons-in-eastern-europe/#:~:text=in%20Eastern%20Europe-,U.S.%20Plan%20to%20Counter%20Illicit%20Diversion%20of,Conventional%20Weapons%20in%20Eastern%20Europe&text=Summary%3A%20The%20United%20States%20priority,territory%20against%20Russia%20further%20invasion>) on October 27, 2022, to safeguard conventional weapons, enhance regional border security, and build capacity of law enforcement forces. To advance this plan, we are actively engaging with the Government of Ukraine and synchronizing policies with key Allies and partners to ensure accountability of assistance, to mobilize resources, and to deliver training, even amidst Russia's continued war.

We welcome the Ukrainian Government's formation of a commission to strengthen monitoring of donated military equipment. We are confident in the Ukrainian Government's commitment to appropriately safeguard and account for transferred U.S.-origin defense equipment.

*Question.* Many other countries have pledged support to Ukraine. To what extent are other countries fulfilling their commitments to Ukraine?

*Answer.* We are not alone in supporting Ukraine—led by us, our Allies and partners are also stepping up. On the security assistance front, our partners and allies have contributed more than \$35 billion dollars in assistance for Ukraine. This is supplemented by more than \$65 billion in other assistance. Since Russia's 2022 full-scale invasion, we've provided over \$2.6 billion in FMF to regional partners and allies which have helped incentivize and unlock donations of critical and urgently needed military equipment, including air defense.

Countries are continuing to take positive steps to fulfill their commitments to transfer key capabilities, including Norway, Belgium, Denmark, and the Netherlands, who have committed to provide F-16s to Ukraine, and will join us in providing F-16 pilot training to help prepare Ukrainian forces to utilize this capability and regain control of their airspace. Others, like Germany's announcement in October of an additional \$1.1 billion in new assistance, for a total of \$5.4 billion in security assistance in 2023 for key systems, including Patriot and IRIS-T air defense systems, are now delivering newly produced systems, like the IRIS-T. Timelines for defense production mean many of these deliveries will take longer, but will be able to continue to help Ukraine receive key systems to support their fight for years to come.

*Question.* Please describe those conditions and the extent to which they have been effective.

*Answer.* The United States has leveraged conditions tied to our budget support and other assistance to help Ukraine win the war and win the future through reform and recovery. These reforms align with Ukraine's stated goals of advancing its Euro-Atlantic integration and attracting private investment toward Ukraine's recovery, both of which are in the U.S. national interest.

U.S. budget support has been conditioned on the implementation of reforms by the Government of Ukraine to improve transparency, strengthen governance of its public institutions, and fight corruption. Conditions in the IMF program and those from EU funding have also pushed Ukraine to take on ambitious reforms, most notably in anticorruption and good governance practices.

Ukraine met all USG conditions for disbursement of budget support to date, and as shown by Ukraine's passage of anti-monopoly and asset declaration legislation, our approach is working to help Ukraine continue its progress on the reforms needed to cement its place as a transparent democracy in the heart of Europe.

*Question.* The President's supplemental request does not properly specify the purposes for which each account will be used. The request for substantial new resources under the Migration and Refugees Assistance account (MRA) is particularly concerning because, apparently, the Administration can't tell us how previously appropriated funds were used, let alone how new funds will be prioritized.

Can you address this lack of specificity and state for the committee record the planning levels, broken down by account and purpose, that informed this request?

*Answer.* Russia's brutal assault on Ukraine threatens Europe, NATO, and the basic rules of the international system on which we rely for our own security. We must continue to support Ukraine's self-defense. President Biden requested \$16.3 billion for State and USAID to ensure that Ukraine can sustain Ukraine's fight for survival, and to provide critical assistance to those impacted by the situation in Ukraine. This funding will keep Ukraine in the fight by keeping lights on and emergency services functioning, it will help Ukraine's economy become more self-reliant by supporting exports, advancing key reforms and opening opportunities for American businesses and others to invest in Ukraine's future. Funding will also support civil society, independent media, and accountability for war crimes.

*Foreign Military Financing (FMF)* has proven essential to incentivizing and back-filling donations to Ukraine from regional partners and allies and providing direct support for Ukraine's military requirements. The *\$1.7 billion FMF* requested in this supplemental will support Ukraine and countries impacted by the situation in Ukraine to bolster capabilities such as air defense, artillery, armor, anti-armor, maritime security, among other, along with critical maintenance and sustainment activities. These funds are essential to ensure Ukraine has the support it needs to meet urgent military requirements as it defends itself from Russia's brutal invasion, both in the short and long-term.

Our request includes *\$11.75 billion in Economic Support Funds (ESF)* for support to Ukraine's budget. Our partners are making significant contributions to share the burden of assistance. Already, they have provided more than half of humanitarian assistance and three-quarters economic assistance for Ukraine. Ukraine also needs the support of the International Monetary Fund (IMF) and the World Bank. However, the IMF can only sustain its efforts if there is sufficient donor support to ensure Ukraine's financing gap is filled, and that is where our contribution is essential. Reducing or delaying budget support would put the IMF program, and basic economic stability in Ukraine, at risk. It would also imperil Ukraine's military efforts, as they currently direct their domestic revenue to war-fighting expenses. Turning our backs on these partner efforts would have lasting implications for our own security and our own standing in the world.

The *\$2.228 billion in Assistance for Europe Eurasia and Central Asia (AEECA)* is critical to address capacity, transmission, distribution, and security of energy, while building on energy reforms; it will also support the agricultural sector, which must be a major driver of economic growth and tax revenue. This will include storage, infrastructure for transportation and logistics to enable higher-value exports and critical infrastructure for rail and road transportation. This funding is critical to helping Ukraine restore the economic activity and government revenues necessary to move beyond its need for budget support. Supplemental AEECA funding is being requested primarily for Ukraine, where the vast majority will be programmed, but limited funds may also be targeted at lessening key Russian levers of influence or shoring up partner countries in the region. For example, a portion of funding may be directed to support Ukraine's global agriculture exports by establishing new logistics routes through Moldova.

For Ukraine, the requested *humanitarian assistance (\$9.125 billion global request for International Disaster Assistance (IDA) and Migration and Refugee Assistance (MRA))* is likewise essential. We provided humanitarian assistance to approximately 16 million people inside Ukraine in FY 2023. Without supplemental funding, that figure would likely shrink to just 4 million people. This funding will enable the United States to continue providing life-saving support and ensure that those who have been displaced or impacted by Putin's war have access to essential aid and services, especially during the harsh winter months. To date, MRA assistance has supported the displaced, including refugees and other vulnerable populations, and host communities both inside Ukraine and in the region. MRA supports Health, Protection, Shelter, WASH Nutrition and livelihoods programming.

The \$360 million requested in *International Narcotics Control and Law Enforcement (INCLE)* funds would continue to support civilian security needs in Ukraine through September 2024. This supplemental funding would support INL's surging of emergency equipment to law enforcement partners securing newly liberated and war-damaged areas, enhancing Ukrainian capacity to investigate and prosecute war crimes, and bolstering anti-corruption reforms critical to winning Ukraine's future. Without this supplemental funding, INL will be forced to significantly limit its emergency equipment assistance support to Ukrainian law enforcement and border security partners, including for vehicles, personal protective equipment, unmanned aerial systems, and other lifesaving and operational equipment.

Lastly, the \$100 million in *Non-proliferation, Anti-Terrorism, Demining and Related Programs (NADR)* funding would be used to sustain ongoing humanitarian demining efforts while simultaneously continuing to train and equip the Ukrainian Government's own demining teams to address explosive remnants of war, independent of sustained U.S. assistance in the long term. Demining assistance is a critical enabler for restoring critical infrastructure, including energy infrastructure as winter approaches, as well as for restoring agriculture and other economic activity. NADR funding would also be used to support: export control, threat reduction, and countering weapons of mass destruction assistance that addresses Russia's supply chains and sanctions evasion; provide counter Chemical, Biological, Radiological, Nuclear, and Explosives (CBRNE) assistance and training to key Ukrainian partners; secure CBRNE facilities, materials, and expertise; strengthen Ukraine's border security; and prevent regional arms diversion.

*Question.* How is U.S. financial and economic assistance being geared toward supporting Ukraine's ability to grow its own revenue streams so it can sustain its own budget and reduce its need for foreign aid?

*Answer.* This is central to Secretary Pritzker's strategy. U.S. assistance helps to sustain Ukraine's economy, facilitate economic activity like exports that generate tax revenue, as well as advance reforms and position Ukraine to attract the private sector investment that will help the country return to self-reliance.

The United States is helping Ukraine strengthen its transport routes through the Danube River and the Black Sea to increase export of materials and generate additional tax revenue. We are providing equipment to accelerate ship loading/unloading at its river ports which will help decrease turnaround times and scale up operations. We are also supporting changes to speed up transit of exports across borders. Ukraine estimates that as a result of improvements made to export routes since late summer, it will collect additional tax revenues, perhaps more than 10 percent of the total shortfall between budget and expenditures. We will keep supporting improvements.

State and USAID are helping overhaul Ukraine's energy grid, making it cleaner, resilient, and more integrated with Europe. These investments will also support Ukraine's energy market reforms to combat monopolies and to spur more private investment, which will enable Ukraine to become a major energy exporter.

As part of the post-war recovery, Ukraine will have to rebuild its tax system and tax base. To this end, we are assisting the Ukrainian State Tax Service (STS) on continuity of operations and post-conflict operational readiness by modeling Ukraine's tax administration regime after Western tax administration systems, including sharing best practices in anti-corruption, and assisting in the areas of debt management, taxpayer services, international taxation, compliance risk management, and audit operations.

*Question.* How is the Administration engaging allies in Europe, at the European Union, and especially countries along Ukraine's border to encourage them to support Ukraine's economic growth and allow Ukraine to continue exporting its products to regional and global markets?

*Answer.* The United States is not alone in supporting Ukraine. We have rallied partners to respond swiftly and as a unified force. In fact, the total security and non-security assistance provided by our partners exceeds that provided by the United States. This includes our partners providing roughly double what the United States has in humanitarian and budget support assistance.

The United States also participates in the Multi-Agency Donor Coordination Platform (MDCP) for Ukraine together with the Ukrainian Government, the European Union, G-7 partners, and international financial institutions. This close collaboration has ensured that donor assistance has risen to meet a wide range of needs for Ukraine's economic recovery, while avoiding duplication.

The United States also remains committed to partnering with Ukraine's neighbors to enhance regional export capacity via the expansion of alternative export routes

and the modernization of Ukraine's border crossings. This means improving critical infrastructure for rail and road transportation and transshipment, expanding access to train car parts and railway assembly lines, and assisting our Black Sea Allies, partners, and the private sector, along the Danube in modernizing transportation linkages.

*Question.* How did the Administration arrive at the \$11.8B as what they believe to be sufficient contribution from the United States for this purpose?

*Answer.* Partners, including the EU, Japan, Canada and the UK, are stepping up in unprecedented ways, which is allowing us to taper our support significantly—from \$1.5 billion per month in 2022 to a planned \$825 million a month by late 2024. And we are working with Ukraine to further increase their self-sufficiency, which will allow us to continue to reduce U.S. support. The request of \$11.75 billion in ESF for budget support represents the minimum amount needed to help cover Ukraine's baseline needs, after accounting for other international support. Precipitously reducing support now, however, risks handing Putin a victory. For Ukraine's IMF program, which underpins the international effort to prevent economic collapse, to proceed, the IMF must be able to demonstrate at its December review that Ukraine's financing gap for the next year will be filled.

*Question.* How does the Administration assess Ukraine will reach goal of \$42B? Where do you assess the rest of the contributions will come from? For 2024, please provide a list of known and expected contributors and the amounts to be provided by each.

*Answer.* Ukraine expects to meet up to \$10 billion of its 2024 budget financing gap through a combination IMF financing and debt relief, with the remainder to be covered by official financing from bilateral donors. Other bilateral donors have not formally announced their commitments for 2024. In 2023, the EU established itself as the leading donor of budget support, alongside significant contributions from other G7 partners (Japan, Canada, the UK), among others, and the crucial contribution of the United States. Russian attacks on Ukraine's industry and export infrastructure in 2023 complicated Ukraine's efforts to raise more revenue domestically.

*Question.* How is the Administration engaging with European allies to ensure they are also using their direct budgetary support to encourage Ukraine's economic growth and contribute to building its self-sufficiency?

*Answer.* The United States has rallied European and global allies and partners to respond swiftly and as a unified force to bolster Ukraine's economic viability. In fact, the total security and non-security assistance provided by our partners exceeds that provided by the United States. As of November 16, the United States has provided a total of \$74.6 billion and other donors have provided a total of \$91.4 billion in assistance to Ukraine. In terms of humanitarian and budget support assistance, our partners have provided roughly double what the United States has provided:

- humanitarian assistance: U.S. \$2.4 billion, other donors \$4.5 billion;
- budget support: U.S. \$22.9 billion, other donors \$43.6 billion. The United States is one of the co-chairs of the Multi-agency Donor

Coordination Platform (MDCP) with the Government of Ukraine, the EU, G-7 partners, and international financial institutions. This close collaboration has ensured that donor assistance has risen to meet a wide range of needs for Ukraine's economic recovery, while avoiding duplication. In addition, the United States uses the MDCP mechanism to coordinate with partners and Allies to support Ukraine's reform agenda.

*Question.* What other funds or mechanisms does the United States have at its disposal to support the Government of Ukraine if the aforementioned direct budgetary support funds are not sufficient?

*Answer.* Without additional appropriations, the United States will not be able to provide budget support to Ukraine. We have been using base and supplemental appropriations to help Ukraine defend itself and sustain its economy, as well as to advance reforms. While these programs work to help Ukraine win the war and win the future, they cannot supplant budget support.

*Question.* What is the Administration's estimate of how many Ukrainian refugees plan to return to Ukraine after the war?

*Answer.* Given the numerous and highly individualized factors which go into every refugee's decision about their return to their country of origin, we cannot predict how many refugees will return to Ukraine after the war. However, in a July survey of Ukrainian refugees carried out by UNHCR, only 6 percent had no plan

or hope to return. 14 percent planned to return in the next 3 months, and 62 percent hoped to return at some point. 18 percent were undecided about return. Per UNHCR data, there are almost 6.3 million refugees from Ukraine, 5.9 million of whom live in Europe. As of September 2023, according to UN statistics, 4.6 million people have returned to their homes either from abroad or from other locations inside Ukraine.

*Question.* What conditions do you believe will convince Ukrainian refugees to return?

*Answer.* A refugee's decision to return to their place of origin is a highly personal one and should be safe, voluntary, and dignified. When surveyed, Ukrainian refugees have consistently placed the highest importance on security as a factor that would enable their return. Refugees also cited access to work as one of the most important factors that would enable them to return, along with access to electricity and water services, and access to health services. However, given the countless individual factors that influence a refugee's decision to return, it is impossible to predict who will return and under what circumstances.

*Question.* Does the Administration assess that Russia is committing genocide in Ukraine? Why or why not?

*Answer.* Since Russia's initial invasion of Ukraine in 2014, we have closely monitored the wide-ranging abuses and atrocities committed in Ukraine by Russia's forces. We assess that since the full-scale invasion in February 2022, Russia's forces have committed war crimes in Ukraine. Members of Russia's military forces and other Russian Government officials have committed crimes against humanity in Ukraine. These conclusions do not foreclose any potential future determinations of other atrocity crimes. We will continue to closely monitor, document, and analyze the situation in Ukraine and provide support to others to do the same. We are fully committed to holding Russia accountable for all crimes it has committed against Ukraine.

*Question.* What actions are [sic] the State Department considering to better stop the sale of Russian oil, which in turn leads to the flow of hard currency into the Kremlin's coffers and the expenditure of that currency on armaments used to continue their invasion of Ukraine?

*Answer.* The United States is committed to keeping the pressure on Putin to end his war against Ukraine while limiting impacts on global energy markets. While we are committed to thwarting Russia's future energy projects and helping our allies phase out their dependence on Russian energy, we do not seek to cut off flows of Russian crude oil and petroleum products on global markets, because that would reduce global supply and raise global prices, increasing revenues back to Putin. Rather, the oil price cap policy works to prevent Russia from earning a steep wartime premium on its oil sales while ensuring reliable supply of oil on global markets. As evidenced by OFAC's October 12 and November 16 designations of entities accessing Coalition services to move Russian oil above the price cap, we take allegations of price cap violations extremely seriously. We will continue to exercise our authorities to act where appropriate.

Coalition policy, including import bans on Russian crude oil and petroleum products, continues to constrain Russian revenues and limit the impact of Russia's war against Ukraine on global prices. Even while Russian oil revenues partially recovered as global prices rose this summer, the sustained period of constrained oil revenues in 2023 has had significant and ongoing economic effects, including the draw-down of fiscal reserves and changes in the current account that have driven ruble depreciation.

Russian oil tax revenues fell by 36 percent in the first 10 months of 2023, compared to the same period in 2022. In response, Russia announced domestic measures, including energy tax hikes and subsidy cuts for domestic supplies of diesel and gasoline, to maintain revenue for the federal budget and shift energy revenue losses to its industry. While these actions may temporarily boost government revenues in the immediate term, they also further increase pressure on Russia's domestic industry.

We also see Russia responding to our pressure by increasing its reliance on a limited number of markets and turning to service providers that lack a track record of safety and environmental standards. This increases costs and risks both for Russia and for purchasers of Russian oil.

On October 12, the Coalition published a joint Advisory for the Maritime Oil Industry and Related Sectors regarding recent irregular and high-risk shipping practices that generate significant concerns for both the public and private sector in global maritime oil trade. We are committed to working with allies and partners,

as well as industry, to reduce these heightened risks and ensure Russia pays for the costs it is attempting to impose on others.

*Question.* Please provide us with your assessment of the connections and cooperation between Russia and Iran and Russia and Hamas and other proxies involved in the recent Israel-Gaza conflict.

*Answer.* Iran remains Russia's top military backer. Russia has used Iranian-origin UAVs in continuous attacks against Ukraine, including deplorable attacks on Ukrainian cities targeting critical infrastructure. Russia has not only procured hundreds of Mohajer and Shahed-series UAVs from Iran, but it is also working with Iran to produce them inside Russia. By providing Russia with these UAVs, Iran has directly enabled Russia's war of aggression against Ukraine. Interactions between Iran and Russia in matters regarding the selling of advanced weapons, especially more advanced UAVs, are continuing.

Russia has refused to condemn Hamas following its horrific October 7 terrorist attack on Israel, and Russia recently hosted Hamas officials in Moscow. Reports that the Wagner Group is transferring Air Defense Systems to Hizballah are concerning. We and our partners have been clear: Hizballah and other actors should not try to take advantage of the ongoing conflict. The United States does not want to see this conflict expand into Lebanon or the broader region. The likely devastation for Lebanon and its people would be unimaginable and is avoidable.

*Question.* What, if any, training or military support has Russia provided to Hamas?

*Answer.* At this time, we do not have any information to provide on Russian military support to Hamas.

*Question.* What diplomatic support has Russia provided to Hamas?

*Answer.* Though at least 19 Russian nationals were killed in Hamas's October 7 attack on Israel, Russia has refused to condemn Hamas for the horrific attack and recently hosted Hamas officials in Moscow. Hamas and Putin represent different threats, but they both have engaged in egregious and horrific attacks killing civilians and damaging civilian infrastructure. Both Hamas and Putin represent a threat not only to the countries that have been attacked, but also to our national security.

*Question.* What type and amount of military assistance is North Korea providing Russia? What is Russia doing for North Korea in exchange for this aid?

*Answer.* The USG has information that the DPRK delivered arms to Russia for use in Ukraine. Our information indicates that the DPRK has provided Russia with more than 1,000 containers of military equipment and munitions. Last month, we released imagery showing the movement of these containers from the DPRK into Russia by ship and across Russia by train to the frontlines of Russia's full-scale invasion of Ukraine.

In return for its support to Moscow, we assess that Pyongyang is seeking military assistance from Russia, including fighter aircraft, surface-to-air missiles, armored vehicles, ballistic missile production equipment or materials, and other advanced technologies. We are monitoring closely whether Moscow will provide Pyongyang with these materials, and we have already observed Russian ships offloading containers in the DPRK, which may constitute the initial deliveries from Russia.

*Question.* Is Moscow now directly aiding the DPRK's missile and nuclear program?

*Answer.* We do not have specific information to provide at this time on any assistance Moscow is actually providing to the DPRK's missile and nuclear program. We note that Russian President Putin held his meeting September 13 with Kim Jong Un at Russia's Vostochny Cosmodrome and announced his intention to cooperate with the DPRK on its satellite program.

*Question.* How has China helped Russia to circumvent international sanctions?

*Answer.* Since Russia launched its full-scale invasion of Ukraine, we have made clear to the PRC that providing Russia the means to systemically evade sanctions would have serious implications for our relationship and the PRC's relationships around the world. We nonetheless have ongoing concerns that PRC entities may consider providing support that Russia could use to advance its war against Ukraine. We remain vigilant in monitoring these actions. We will impose costs on PRC entities supporting Russia's war effort, as we did when the United States on January 26 sanctioned PRC firm Spacety and China HEAD Aerospace under E.O. 14024, both of which were involved in providing satellite imagery Wagner used to

conduct military operations in Ukraine. Since Russia's full-scale invasion of Ukraine began, we have sanctioned 17 PRC entities and placed 22 PRC entities on the Entity List for their role in supporting Russia's war of aggression. We also refer to you the Department's quarterly report to Congress on the PRC's support to Russia.

*Question.* How is China supporting Russia's warfighting effort?

*Answer.* Since Russia launched its full-scale invasion of Ukraine, we have made clear to the PRC that arming Russia or providing Russia the means to systemically evade sanctions would have serious implications for our relationship and the PRC's relationships around the world. The PRC has said publicly that it will not provide lethal aid to Russia for use against Ukraine. As Secretary Blinken has said, we have not seen any evidence to contradict that. We nonetheless have ongoing concerns that PRC entities may consider providing dual-use items and other support that Russia could use to advance its war against Ukraine. We remain vigilant in monitoring these actions.

*Question.* Does the Administration believe that welcoming a potential role for China in Ukraine could create space or drive a wedge between Russia and China? If so, why does the Administration hold this view?

*Answer.* The United States would welcome any country—including the PRC—playing a constructive role in securing a just and lasting peace for Ukraine that is consistent with the UN Charter and respects Ukraine's sovereignty and territorial integrity. We have no illusions about the nature of the PRC's strategic partnership with Russia, however, and are realistic about the degree to which Beijing is willing to be constructive.

The PRC is committed to supporting its most important partner while projecting a neutral posture to the world. The United States and many other countries have warned the PRC against providing Russia economic and material support that enables Russia's war machine. We continue to monitor Beijing's activity closely, coordinating with our allies and partners, and continue to raise this directly with Beijing.

We are following Ukraine's lead and respect Ukraine's decisions on how best to defend its sovereignty and restore its territorial integrity and we will work closely with Ukraine and other allies and partners, especially those in Europe, to ensure that the reconstruction process is conducted in a fair and just way. We will also work with Ukraine to advise them of the risk of doing business with untrusted vendors before, during, and after their reconstruction process.

The PRC is increasing its coercive practices in developing countries, which have been hit hard by Russia's war against Ukraine. The Administration is committed to materially expanding development finance to countries hard hit by the spillovers of Russia's war, as part of its efforts to provide a credible alternative to the PRC's coercive and unsustainable financing.

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RESPONSES OF MR. GEOFFREY R. PYATT TO QUESTIONS  
SUBMITTED BY SENATOR JAMES E. RISCH

*Question.* What is the endgame for U.S. support to Ukraine?

*Answer.* We are working so Ukraine wins. Toward this end, we are providing the assistance necessary to help Ukraine: 1) prevail over Russia's aggression and deter future aggression; 2) fend off Putin's attempts to destroy its economy; 3) keep strengthening its democracy and rule of law; 4) create a future force necessary to secure the peace; and 5) work towards its EU and NATO accession goals.

Putin and potential aggressors around the world think they can outlast us—that the United States and its allies and partners will lose focus and will be unable to sustain our support for Ukraine. We must prove them wrong.

*Question.* What do you assess to be the primary factors that limit Ukraine's ability to retake territory more rapidly and what does Ukraine need in order to overcome those factors?

*Answer.* Russia is waging war both on the battlefield and against Ukraine's economy. Putin is seeking to break Ukraine's economy, including its ability to generate revenue, and hopes that by distracting on the home front he can undermine Ukraine on the battlefield. Therefore, Ukraine needs security, economic, and humanitarian support to ensure Russia's strategic failure.

I would refer you to the Department of Defense for a military analysis of Ukraine's ability to retake additional territory currently under Russian occupation. Working with the Department of Defense, we have identified the following military capabilities as high priorities for Ukraine: air and missile defense, artillery, armor, anti-armor, fixed wing, and maritime security capabilities, along with critical main-



tenance and sustainment requirements. Ukraine also needs support with demining activities, including training and equipment to build local capacity to remove explosive remnants of war.

Meanwhile, Ukraine needs continued direct budget support to keep first responder and essential services in the fight; they will use this assistance to bring in U.S. investment and open avenues for Ukrainian revenue generation to replace our aid.

*Question.* What concrete action is the Administration taking to help Ukraine retake its occupied territory, versus merely helping them hold the current battle lines and survive?

*Answer.* The Administration continues to work closely with Ukraine to identify evolving needs on the battlefield as their brave troops fight to counter Russia's aggression, restore Ukraine's territorial integrity and retain its sovereignty. Toward this end, the United States is providing Ukraine with the political, security and economic assistance necessary to 1) prevail over Russia's aggression; 2) build a solid democracy based on the rule of law; 3) create a future force necessary to secure the peace; and 4) integrate with the EU and ultimately, NATO.

The United States has provided approximately \$44.2 billion in security assistance to Ukraine to help Ukraine defend its territory and protect its people. This security assistance has included a wide range of capabilities, to include: Patriot air defense system, Abrams tanks, and 155mm artillery ammunition, among other systems. We continue to provide Ukraine with security assistance according to its evolving battlefield needs, but we urgently need the additional resources requested by President Biden to ensure we can deliver the capabilities Ukraine needs to defend itself.

In addition, we continue to engage with Allies and partners around the world to encourage them to provide their own security assistance to Ukraine and to coordinate our efforts. Our Allies and partners, particularly those in Europe, have stepped up to provide significant capabilities to Ukraine. As a measure of Allied support, the United States currently ranks in 14th place among all countries in terms of security assistance to Ukraine as a percentage of GDP.

Meanwhile, the United States is working with Ukraine to build both their defense industrial base and future armed forces to shoulder more of its needs without foreign assistance.

Furthermore, to counter Putin's attempts to wage economic war on Ukraine by collapsing the Ukrainian economy, destroying the energy grid, and weaponizing winter, the United States and our Allies and partners are supporting urgent recovery needs and programming requirements to make Ukraine less reliant on foreign budget support.

This war is winnable. With our sustained support, and that of our Allies and partners, Ukraine's forces will be able to continue to take the fight to Russia's forces and push them back.

*Question.* In your assessment, what would be the outcome if the United States ends military and economic support for Ukraine?

*Answer.* A lapse in U.S. support for Ukraine would immediately impact Ukraine's performance on the battlefield, would compromise the security of our NATO Allies, would call into question the core values of the United States and our commitment to a free and fair international system, and would affirm for Putin that he can wait out Ukraine's supporters.

Additionally, other security assistance donors follow our lead, which is why our continued support is important to get Ukraine the timely security assistance it needs. It would risk Allied and partner unity on sanctions and other restrictive economic measures meant to change Russia's calculus for waging this war.

Lessons of the 20th century make it clear: if we don't stop aggressors early, we get pulled into a larger war. It is important that when aggressors strike, the United States rallies Allies and partners to fight back; this reinforces Transatlantic security and is a long-term signal of deterrence against Russia, Putin, and those autocratic systems that would seek to replicate his actions elsewhere.

*Question.* What will the role of Ukraine's energy industry play in the reconstruction process?

*Answer.* The energy sector is a foundation of Ukraine's future and will drive restoration and economic revitalization across all sectors. The private sector will be an important part of this process. Ukraine's energy industry will lead in the design and implementation of a modern, more distributed, sustainable, and resilient energy system fully aligned with Europe. Ukraine's power and natural gas sectors have the future potential not only to meet domestic needs but to expand exports to Europe. Ukraine has the potential to become a clean energy supplier to Europe and a model for energy transition around the globe. Rebuilding Ukraine's energy systems could

enable Ukraine to become a hub for diversifying energy sector supply chains, nuclear/SMR equipment manufacturing, nuclear services, and critical minerals and critical mineral processing.

*Question.* How are State and USAID planning to work with the U.S. private sector in Ukraine reconstruction?

*Answer.* State and USAID work together with the U.S. private sector to support businesses in Ukraine, facilitate trade, and promote American business investment. We also are working closely with the Government of Ukraine in support of its efforts to attract foreign investment more generally.

On September 14, President Biden appointed former Commerce Secretary Penny Pritzker to serve as the Special Representative for Ukraine's Economic Recovery. Special Representative Pritzker works to increase coordination with allies on Ukraine's economic recovery, mobilize the private sector to increase commercial activity and jobs creation in-country, and establish the enabling conditions that will support private-sector investment and Ukraine's integration into Western markets.

State is providing funds to the World Bank's Multilateral Investment Guarantee Agency (MIGA) to help strengthen Ukraine's private sector, including by making capital financing and risk insurance available to boost the economy and tax base.

State and USAID are helping overhaul Ukraine's energy grid, making it cleaner, resilient, and more integrated with Europe. These investments will also support Ukraine's energy market reforms to combat monopolies and to spur more private investment, which will enable Ukraine to become a major energy exporter.

In addition to State/USAID-funded programming that benefits the private sector, USAID has leveraged over \$30 million in private sector donations and pro-bono support in key USG priority areas such as documenting war crimes, enhancing cybersecurity, and mitigating the costs of private sector investment in Ukraine.

USAID's Agriculture Resilience Initiative (AGRI) Ukraine initiative supports Ukraine's export and agricultural sector needs and helps alleviate the global food security crisis. USAID has leveraged more than \$250 million in private sector, donor and foundation contributions in support of AGRI-Ukraine.

USAID is complementing the International Development Finance Corporation's (DFC) efforts to mobilize private capital and support the Ukrainian private sector using DFC's financial tools. DFC and USAID have signed an MoU with the GOU to work together in identifying and developing private sector projects in Ukraine for consideration for DFC support.

*Question.* How can the seizure and repurposing of frozen Russian assets contribute to Ukraine's economic recovery?

*Answer.* Our support is crucial to keeping Ukraine in the fight. As we support Ukraine on the battlefield, we are working with partners and Allies to help Ukraine's economy get back on its feet and, over the long run, thrive. The United States and our G7 partners have committed to keeping Russia's sovereign assets immobilized until there is a resolution of Russia's war that addresses Russia's violation of Ukraine's sovereignty and ensures Russia has paid for the damage it has caused.

Seizing Russian sovereign assets raises complex legal and policy issues. Most of the assets are not located in the United States, and even for those assets that are within U.S. jurisdiction, we do not currently have domestic legal authority to take these actions. I know there is Congressional interest in seizing Russian sovereign assets to use for Ukraine's recovery and that proposed legislation would provide the President with authority to do so. I look forward to working with Congress on this important issue.

*Question.* Why has the Administration failed to move more swiftly and accelerate this process? Many other countries have pledged support to Ukraine.

*Answer.* Since February 2022, the United States has mobilized \$520 million in energy assistance with another \$500 million in process from already approved supplementals. This support is key to ensuring that Putin's efforts to weaponize the winter fail by providing critical equipment to repair Ukraine's damaged electricity grid and power generation facilities. A stable power grid enables Ukraine to maintain the safe operation of its nuclear power plants and enables continued operation of critical infrastructure including water supply, sanitation, communications, railways, and district heat. The United States is leading efforts through the G7+ Energy Coordination Group to coordinate international support for Ukraine's most pressing energy sector needs, where the allies have done even more than the United States.

The \$16.3 billion requested for State and USAID in the National Security Supplemental request for Ukraine will provide critical support for the Ukrainian Govern-

ment as it works to protect the Ukrainian people against Russian aggression. The supplemental request also includes economic and civilian security assistance, to help the Government of Ukraine continue essential operations including energy generation and critical governance and regulatory reforms.

*Question.* To what extent are other countries fulfilling their commitments to Ukraine, specifically regarding the protection and reconstruction of its energy infrastructure and assistance to its energy industry and reforms?

*Answer.* Through the G7+ Energy Coordination Group, international partners have coordinated well over a billion dollars in energy-related assistance, including over \$270 million to the Ukraine Energy Support Fund; over a \$1 billion in financial support to European Bank for Reconstruction and Development to enable the repair, maintenance, hardening, and purchasing of fuel supplies to the Ukrainian power and gas networks; over \$15 million in contributions to the International Atomic Energy Agency to assist efforts in securing and maintaining the safe operation of Ukraine's nuclear power facilities; and bilateral donations of grid equipment, power generators, and heating points support, totaling more than 7,000 tons of equipment from 35 countries, worth hundreds of millions of dollars.

The United States is working closely with the Government of Ukraine, along with partners from the EU, UK, Japan, Canada, and other countries to promote continued progress on implementing needed reforms; support the modernization of Ukraine's energy system, ensuring Ukraine's electricity grid remains stable and resilient; and engage the private sector needed to rebuild Ukraine's energy sector. The EU accession process provides a clear path forward on market reforms, and Ukrainian officials are unified on the importance of market reforms to create an open, transparent, predictable, and profitable energy sector business environment.

*Question.* Please describe those conditions and the extent to which they have been effective.

*Answer.* The United States has leveraged conditions tied to our budget support and other assistance to help Ukraine win the war and win the future through reform and recovery. These reforms align with Ukraine's stated goals of advancing its Euro-Atlantic integration and attracting private investment toward Ukraine's recovery, both of which are in the U.S. national interest.

U.S. budget support has been conditioned on the implementation of reforms by the Government of Ukraine to improve transparency, strengthen governance of its public institutions, and fight corruption. Conditions in the IMF program and those from EU funding have also pushed Ukraine to take on ambitious reforms, most notably in anticorruption and good governance practices.

Ukraine met all USG conditions for disbursement of budget support to date, and as shown by Ukraine's passage of anti-monopoly and asset declaration legislation, our approach is working to help Ukraine continue its progress on the reforms needed to cement its place as a transparent democracy in the heart of Europe.

*Question.* How is U.S. financial and economic assistance being geared toward supporting Ukraine's ability to grow its own revenue streams, specifically through energy industry, so it can sustain its own budget and reduce its need for foreign aid?

*Answer.* U.S. economic assistance helps to sustain Ukraine's economy, facilitates economic activity like exports that generate tax revenue, advances reforms, and positions Ukraine to attract the required private sector investment needed to return to self-reliance. In the energy sector, our assistance supports the decentralization of Ukraine's energy grid, ensures the effectiveness of transparency, anti-monopoly and market-based measures in the energy sector, and creates the basis for a cleaner, greener, and more independent grid integrated with the European energy market. Ukraine's energy sector will be a key driver in powering Ukraine's economic recovery across all sectors and enabling Ukraine to position itself as a net exporter of energy to the rest of Europe.

*Question.* How is the Administration engaging allies in Europe, at the European Union, and especially countries along Ukraine's border to encourage them to support Ukraine's economic growth with regard to its energy industry and promote Ukraine's connection and integration the European energy systems and markets?

*Answer.* The United States works with global partners to mobilize assistance to repair and improve the resiliency of Ukraine's critical energy infrastructure. The United States and international partners—primarily through the G7+ coordination mechanism—have coordinated hundreds of millions of dollars in energy-related assistance, delivering more than 7,000 tons of equipment from 35 countries.

Secretary Blinken will co-host the next G7+ ministerial on November 21, focusing on winter preparation and critical energy needs.

*Question.* What actions are [sic] the State Department considering to better stop the sale of Russian oil, which in turn leads to the flow of hard currency into the Kremlin's coffers and the expenditure of that currency on armaments used to continue their invasion of Ukraine?

*Answer.* The United States is committed to keeping the pressure on Putin to end his war against Ukraine while limiting impacts on global energy markets. While we are committed to thwarting Russia's future energy projects and helping our allies phase out their dependence on Russian energy, we do not seek to cut off flows of Russian crude oil and petroleum products on global markets, because that would reduce global supply and raise global prices, increasing revenues back to Putin. Rather, the oil price cap policy works to prevent Russia from earning a steep wartime premium on its oil sales while ensuring reliable supply of oil on global markets. As evidenced by OFAC's October 12 and November 16 designations of entities accessing Coalition services to move Russian oil above the price cap, we take allegations of price cap violations extremely seriously. We will continue to exercise our authorities to act where appropriate.

Coalition policy, including import bans on Russian crude oil and petroleum products, continues to constrain Russian revenues and limit the impact of Russia's war against Ukraine on global prices. Even while Russian oil revenues partially recovered as global prices rose this summer, the sustained period of constrained oil revenues in 2023 has had significant and ongoing economic effects, including the draw-down of fiscal reserves and changes in the current account that have driven ruble depreciation.

Russian oil tax revenues fell by 36 percent in the first 10 months of 2023, compared to the same period in 2022. In response, Russia announced domestic measures, including energy tax hikes and subsidy cuts for domestic supplies of diesel and gasoline, to maintain revenue for the federal budget and shift energy revenue losses to its industry. While these actions may temporarily boost government revenues in the immediate term, they also further increase pressure on Russia's domestic industry.

We also see Russia responding to our pressure by increasing its reliance on a limited number of markets and turning to service providers that lack a track record of safety and environmental standards. This increases costs and risks both for Russia and for purchasers of Russian oil. On October 12, the Coalition published a joint Advisory for the Maritime Oil Industry and Related Sectors regarding recent irregular and high-risk shipping practices that generate significant concerns for both the public and private sector in global maritime oil trade. We are committed to working with allies and partners, as well as industry, to reduce these heightened risks and ensure Russia pays for the costs it is attempting to impose on others.

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RESPONSES OF MS. ERIN MCKEE TO QUESTIONS  
SUBMITTED BY SENATOR JAMES E. RISCH

*Question.* What is the purpose of the security assistance we provide Ukraine? It appears that to me that our objective is to deny a Russian victory rather than to enable Ukraine to achieve its strategic objectives.

What is the endgame for U.S. support to Ukraine?

*Answer.* USAID defers the question on strategic objectives to the State Department.

*Question.* What do you assess to be the primary factors that limit Ukraine's ability to retake territory more rapidly and what does Ukraine need in order to overcome those factors?

*Answer.* USAID defers the questions on retaking territory to the State Department.

*Question.* What concrete action is the Administration taking to help Ukraine retake its occupied territory, versus merely helping them hold the current battle lines and survive?

*Answer.* USAID defers the questions on retaking territory to the State Department.

*Question.* In your assessment, what would be the outcome if the United States ends military and economic support for Ukraine?

*Answer.* Regarding economic support, without budget support and development assistance, Russia will win the war, undermining U.S. interests and wasting the nearly \$75 billion that the U.S. has already provided to Ukraine. If the United

States ends economic support, Ukraine will rely on emergency financing measures that will further debilitate its economy, increase inflation, and decrease the confidence of private sector investors. Ukrainian first responders' ability to respond to attacks by Russia missiles on Ukrainians and Ukrainian infrastructure will be diminished. Thousands of Ukrainians will be at risk of freezing this winter and elderly and other vulnerable populations will be unable to sustain themselves and their families. Health workers won't be able to deliver urgent healthcare to Ukrainians.

Putin is trying to destroy Ukraine's economy to ensure Ukrainians' fight for freedom will fail. As a result, our budget support is critical to sustaining Ukraine's economy amidst the war's devastation. Finally, our development assistance helps Ukraine's private sector and tax base grow, which will reduce Ukraine's reliance on humanitarian assistance and budget support in the future.

*Question.* A joint assessment by the Ukrainian Government, World Bank, and European Commission estimated the cost of recovery in Ukraine will be over \$411 billion.

How are State and USAID planning to work with the U.S. private sector in Ukraine reconstruction?

Answer. The U.S. Government is not focused on large-scale physical reconstruction efforts in Ukraine. State and USAID are exploring options to work with the U.S. private sector to support businesses in Ukraine, facilitate trade, and promote investment for economic recovery. We also are working closely with Ukraine's government in support of its efforts to attract foreign investment more generally.

The Department of State's Office of Global Partnerships (E/GP) has launched the Ukraine Partnership Series that will work with other Department offices and initiatives to promote public-private partnerships as a vehicle to revitalize Ukraine's economy.

USAID supports the Ukrainian Ministry of Economy's "Advantage Ukraine" platform, established in September 2022 as a one-stop shop for foreign investors, which identifies current and future investment opportunities. USAID also works with "Invest Ukraine", the Ukrainian Government's Investment Promotion Agency, to support investments.

USAID publicizes opportunities in Ukraine for U.S. private sector actors through convenings such as the September 2023 "Doing Business in Ukraine" conference hosted by the Center for Strategic & International Studies, and the April 2023 U.S.-Ukraine Partnership Forum, which brought together senior business executives and Ukrainian and U.S. Government officials to focus on building the foundation for a dynamic economic recovery in Ukraine.

USAID has established a working group known as Assist Ukraine to engage directly with the private sector in support of Ukraine. USAID has leveraged more than \$30 million in private sector donations and pro-bono support in key U.S. Government priority areas such as documenting war crimes, enhancing cybersecurity, and mitigating the costs of private sector investment in Ukraine.

USAID established the Agriculture Resilience Initiative (AGRI) Ukraine in July 2022, an initiative critical to supporting Ukraine's export and agricultural sector needs and to help alleviate the global food security crisis. To date, USAID has leveraged more than \$250 million in private sector, donor, and foundation contributions in support of AGRI-Ukraine.

USAID is co-investing with the private sector, including with export-oriented businesses, for expanding grain handling capacity and using their own established instruments to provide liquidity for farmers. In addition, USAID is supporting and complementing the Development Finance Corporation's (DFC) efforts to mobilize private capital and support the Ukrainian private sector using DFC's financial tools.

DFC and USAID have signed a memorandum of understanding (MoU) with the Government of Ukraine to work together in identifying and developing private sector projects in Ukraine for consideration for DFC support.

State is providing funds to the World Bank's Multilateral Investment Guarantee Agency (MIGA) to help strengthen Ukraine's private sector, including by making capital financing and risk insurance available to boost the economy and tax base.

State and USAID are helping overhaul Ukraine's energy grid, making it cleaner, resilient, and more integrated with Europe. These investments will also support Ukraine's energy market reforms to combat monopolies and to spur more private investment, which will enable Ukraine to become a major energy exporter.

State and USAID, and key donors such as the EU, are supporting critical reforms of Ukraine's judicial system. These reforms are an important element in improving Ukraine's business enabling environment.

*Question.* How can the seizure and repurposing of frozen Russian assets contribute to Ukraine's economic recovery?

Answer. Russia should pay for the damage it is causing to Ukraine.

For any details concerning the seizure and repurposing of Russian assets, we refer you to the Department of State, which can provide the latest state of play on this issue.

*Question.* I understand Ukraine is short on air defenses for the coming winter. Despite the likelihood that Russia will soon begin bombing Ukraine's power station, work to get Ukraine air defense is slow. The retrofitting of Ukraine's Buk air defense launchers to fit Sea Sparrow missiles is only happening at a rate of 5 per month.

Why has the Administration failed to move more swiftly and accelerate this process?

Answer. USAID defers the question on air defense to the Department of Defense and the Department of State.

*Question.* Many other countries have pledged support to Ukraine.

To what extent are other countries fulfilling their commitments to Ukraine?

Answer. The United States rallied our partners as a unified force to respond swiftly to Russia's illegal invasion of Ukraine, ensuring that donor assistance meets a wide range of needs in Ukraine. USAID has continued to urge our partners to ramp up their support. With U.S. leadership, more than 50 countries worldwide have provided support to Ukraine. As of November 2023, other donors make up more than half of all support to Ukraine.

Europe's total budgetary support to Ukraine is set to surpass that of the United States in 2023. According to press reports, the European Union (EU) is managing the largest operation of in-kind humanitarian donations in its history, including more than 95,000 tons of medical supplies, energy equipment, vehicles, and emergency shelters. European countries have also borne the brunt of the refugee crisis Putin created with his war, with millions of Ukrainians forced to flee to European countries, forcing national and local governments to provide additional assistance to Ukrainian refugees. As of November 2023, our EU partners (including EU member states) have worked to fulfill these commitments by providing more than \$43 billion in financial and budgetary support in humanitarian and emergency assistance, not including their military support or in-country spending on refugees. Furthermore, EU leadership pledged to support Ukrainian refugees and has worked to fulfill this promise by making \$18 billion available to support more than 4.5 million refugees from Ukraine who have sought protection in the EU.

Non-EU donors have also stepped up with significant contributions. The United Kingdom will provide up to \$3 billion from 2024 to 2027, Japan will provide another \$2 billion in 2023, Norway announced a \$7.5 billion support program over 5 years, and Switzerland announced \$1.9 billion for reconstruction. Japan, despite its historical stance on refugees, has accepted approximately 2,000 Ukrainian refugees as part of the Kishida administration's promise to stand with Ukraine.

U.S. leadership is essential for support to Ukraine, as is the invaluable work our partners do to fulfill their commitments.

*Question.* We understand that starting this summer, the U.S. applied conditions on economic assistance to Ukraine.

Please describe those conditions and the extent to which they have been effective.

Answer. In August 2023 the United States implemented a conditionality framework to encourage progress on key governance and anti-corruption reforms in Ukraine. The U.S. Government's conditions were intended to: (1) Account for the use of U.S. budget support; (2) Monitor Ukraine's progress on a full reform agenda agreed to between the Government of Ukraine (GOU) and the International Monetary Fund (IMF); (3) Encourage Ukraine to show incremental progress on key reforms that also align with IMF conditionality.

These conditions have proven effective in ensuring that the GOU remains committed to a reform agenda, even during wartime, and to showcase progress on the promises made to the citizens of Ukraine to root out corruption and provide greater accountability and transparency. The U.S. Government will continue to impose conditionalities on future assistance to Ukraine to ensure that the GOU continues to deliver reforms, and prevent backsliding on reforms tied to previous conditions for U.S. foreign assistance.

Conditions for receiving the August 2023 direct budget support (DBS) payment aligned with Ukraine's existing IMF program and required the Ministry of Finance to publish a consolidated report of the special accounts that execute the GOU's expenses. Embassy Kyiv, along with U.S. Government interagency partners, determined that the Government of Ukraine had met the August condition, and the

World Bank subsequently released the August 2023 DBS payment to the GOU in September 2023.

Conditions for receiving the September 2023 DBS payment required the President of Ukraine to submit legislation on the reform of the Special Anti-Corruption Prosecutor's Office (SAPO), to the Verkhovna Rada, Ukraine's Parliament. This proposed legislation would need to strengthen SAPO's independence, improve SAPO's leadership selection process, and establish mechanisms for greater accountability and transparency. SAPO reform is a feature of IMF and EU requirements, reflecting the broad consensus of Ukraine's international partners and demands of the Ukrainian people. In September 2023, Ukraine's Ministry of Justice delivered a law to the Rada in line with what the U.S. Government requested. The Rada passed the first reading of the legislation in November 2023.

*Question.* The President's supplemental request does not properly specify the purposes for which each account will be used. The request for substantial new resources under the Migration and Refugees Assistance account (MRA) is particularly concerning because, apparently, the Administration can't tell us how previously appropriated funds were used, let alone how new funds will be prioritized.

Can you address this lack of specificity and state for the committee record the planning levels, broken down by account and purpose, that informed this request?

Answer. USAID defers the question to the Department of State.

*Question.* It is evident that compared to military and humanitarian assistance, public support for economic assistance is waning most rapidly among the American people and the United States will have a more difficult task in justifying this type of assistance as time goes on. It is critical that the U.S. gear all economic assistance toward helping Ukraine rebuild its own internal revenue streams so that the government can become less reliant on foreign aid to continue operating.

How is U.S. financial and economic assistance being geared toward supporting Ukraine's ability to grow its own revenue streams so it can sustain its own budget and reduce its need for foreign aid?

Answer. U.S. economic assistance is appropriately focused on increasing Ukraine's own revenue in order to reduce the need for donor support for Ukraine's budget. For example, economic assistance beyond direct budget support is directly supporting firm and sector-level growth, encouraging greater private sector investment, and creating jobs. The objective of this assistance is to create a modern regulatory and enabling environment required to rebuild Ukraine's economy, and increase the capacity of Ukraine to continue exporting agricultural products as a key driver of their economy.

These actions create revenue growth that will build a foundation for an expanded tax base and support a national economy that will reduce reliance on direct budget support in the future. Activities being supported by supplemental funds include grants to small and medium-sized enterprises (SMEs), entrepreneurs, business associations, and others in the private sector, expansion of vocational training, expanding access to finance, and working with the U.S. International Development Finance Corporation and International Financing Institutions to support economic recovery and encourage foreign direct investment.

*Question.* How is the Administration engaging allies in Europe, at the European Union, and especially countries along Ukraine's border to encourage them to support Ukraine's economic growth and allow Ukraine to continue exporting its products to regional and global markets?

Answer. The Administration has been coordinating closely with counterparts from the European Union (EU) and states that border Ukraine to catalyze Ukraine's economic growth through efforts to increase the export of the country's agricultural commodities. Agriculture represents 20 percent of Ukrainian GDP (pre-war) and is a vital sector for Ukraine and global food security. In the first year of the Agriculture Resilience Initiative (AGRI) Ukraine Initiative, USAID leveraged \$250 million from donor partners, the private sector, and foundations. This initiative supports the purchase and delivery of critical inputs for farmers who have limited supplies or limited mobility, improves and increases export logistics and infrastructure, and increases farmers' access to financing to enable a full crop harvest.

The Administration is also coordinating closely with EU and partner governments on Ukraine's border, such as Romania and Poland, to increase the capacity of commodity flow out of Ukraine. For example, the U.S. Government is working with partner governments, port operators, and the private sector through a mix of equipment purchases and technical assistance to increase Ukraine's ability to export grain via the Danube ports and land border crossings.

It is critical that the U.S., in close coordination with our allies and partners, lead these efforts to support the Ukrainian agricultural sector. Farm and agribusiness failures in Ukraine would introduce increased opportunities for investment by the People's Republic of China (PRC) in the Ukrainian agriculture sector, providing the PRC with greater influence over Ukraine's economy and politics.

*Question.* The supplemental request recommends a minimum of \$11.8B in direct budgetary support for the Ukrainian Government for 2024. Ukraine has estimated a funding gap of \$42B for 2024 that needs to be met by international contributions.

How did the Administration arrive at the \$11.8B as what they believe to be sufficient contribution from the United States for this purpose?

*Answer.* The Administration's supplemental request recommendation for a minimum of \$11.8 billion in direct budgetary support for the Ukrainian Government for 2024 is based on both the International Monetary Fund's (IMF) assessment of Ukraine's external financing needs to prevent an economic crisis combined with an informed estimate of what other allied and partner donors can provide.

*Question.* How does the Administration assess Ukraine will reach goal of \$42B? Where do you assess the rest of the contributions will come from? For 2024, please provide a list of known and expected contributors and the amounts to be provided by each.

*Answer.* The United States' close collaboration with partners has ensured that donor assistance has risen to meet a wide range of needs in Ukraine. The European Union (EU) committed approximately \$19 billion in 2023 and is actively deliberating on a proposed new 4-year 50 billion Euro package beginning in 2024. Others have made commitments similar to their 2023 levels, including Japan (\$5.5 billion), Canada (\$1.8 billion), and the United Kingdom (\$1 billion).

As a result, the Administration's recommendation of approximately \$11.8 billion estimates that partners, allies, and other sources, including the World Bank, IMF, and private creditors, will cover approximately three-quarters of Ukraine's external financing needs in 2024. In this scenario, other donors will continue to provide more in economic support than the U.S., as has been true since the start of the full-scale invasion of Ukraine.

*Question.* How is the Administration engaging with European allies to ensure they are also using their direct budgetary support to encourage Ukraine's economic growth and contribute to building its self-sufficiency?

*Answer.* USAID has continued to urge our partners to ramp up their support, and we will do so as long as this war rages on. The EU has stepped forward as an indispensable partner through its support to Ukraine. The EU and member states have made available approximately \$19 billion in financial assistance for 2023, disbursed in regular monthly increments to ensure stable financing for the running of the Ukrainian state.

In parallel to these efforts, the Administration is working with partners, including through the Multi-Donor Coordination Platform (MDCP), to increase economic support to accelerate Ukraine's return to financial independence. However, without continued assistance in 2024 from the United States, we do not assess that there is a credible path to fill the gap needed to stabilize the economy and prevent economic collapse despite the ongoing war.

*Question.* What other funds or mechanisms does the United States have at its disposal to support the Government of Ukraine if the aforementioned direct budgetary support funds are not sufficient?

*Answer.* Currently, USAID does not have other funds or mechanisms to support the budgetary gap that direct budget support fills. USAID assistance programs, particularly in agriculture, firm-level private sector support, and mobilizing capital are geared towards economic recovery to boost Ukraine's private sector and tax base, thus reducing Ukraine's reliance on budget support over time.

*Question.* After 20 months of war, millions of Ukrainian refugees are settling into new lives in foreign countries. This may make them less likely to eventually return to Ukraine.

What is the Administration's estimate of how many Ukrainian refugees plan to return to Ukraine after the war?

*Answer.* USAID defers the questions to the Department of State.

*Question.* What conditions do you believe will convince Ukrainian refugees to return?

*Answer.* USAID defers the questions to the Department of State.



*Question.* Russia continues to strike civilian targets in Ukraine and has committed war crimes and atrocities against its people.

Does the Administration assess that Russia is committing genocide in Ukraine? Why or why not?

Answer. USAID defers the question to the Department of State.

*Question.* According to the Wall Street Journal, “Oil and gas tax revenue to the Russian budget in October more than doubled from September and rose by more than a quarter from the same month last year.” This is in part because Russia now uses a huge “shadow fleet” of aging and dangerous tankers to transport its oil around the world. The average price for Russian (Urals) crude is now only about \$15/per barrel lower than the price of Brent crude. It thus seems that the price cap on Russian oil has failed.

What actions are the State Department considering to better stop the sale of Russian oil, which in turn leads to the flow of hard currency into the Kremlin’s coffers and the expenditure of that currency on armaments used to continue their invasion of Ukraine?

Answer. USAID defers the question to the Department of State.

*Question.* I understand Hamas leadership has visited Moscow at least three times this year, and cooperation between Russia, Iran, and proxies like Hamas continues to grow.

Please provide us with your assessment of the connections and cooperation between Russia and Iran and Russia and Hamas and other proxies involved in the recent Israel-Gaza conflict.

Answer. USAID defers the questions to the Department of State.

*Question.* What, if any, training or military support has Russia provide to Hamas?

Answer. USAID defers the questions to the Department of State.

*Question.* What diplomatic support has Russia provided to Hamas?

Answer. USAID defers the questions to the Department of State.

*Question.* I am even more alarmed at reports that Russia and the DPRK have revitalized their defense relationship.

What type and amount of military assistance is North Korea providing Russia? What is Russia doing for North Korea in exchange for this aid?

Answer. USAID defers the questions to the Department of State.

*Question.* Is Moscow now directly aiding the DPRK’s missile and nuclear program?

Answer. USAID defers the questions to the Department of State.

*Question.* I have previously expressed my concerns about the deepening alignment between China and Russia, even as China publicly signals its desires to mediate and play a role in Ukraine’s reconstruction—potentially undermining U.S. and allied efforts to shore up a resilient, democratic Ukraine.

How has China helped Russia to circumvent international sanctions?

Answer. USAID defers the questions to the Department of State.

*Question.* How is China supporting Russia’s warfighting effort?

Answer. USAID defers the questions to the Department of State.

*Question.* Does the Administration believe that welcoming a potential role for China in Ukraine could create space or drive a wedge between Russia and China? If so, why does the Administration hold this view?

Answer. USAID defers the questions to the Department of State.

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RESPONSES OF MR. JAMES O’BRIEN TO QUESTIONS  
SUBMITTED BY SENATOR TIM SCOTT

*Question.* As we support Ukraine’s fight, I believe it is imperative that the American people have a firm understanding of: A) why it is within our interest to do so; and B) what success on the battlefield should look like. With that in mind, can you provide an assessment—in an unclassified or classified manner—of the exact assets the Administration believes Ukraine needs to succeed?

Answer. Success means Ukraine wins on the battlefield and Russia’s aggression fails to achieve Putin’s ultimate objectives. Toward this end, we are providing Ukraine with the political, security and economic assistance necessary to: 1) fight

and prevail over Russia's aggression; 2) build a solid democracy based on the rule of law; 3) recover economically and create a future force necessary to secure the peace; and 4) enact reforms to enable integration with the EU and ultimately, NATO.

To win the war and ensure Putin's strategic failure, through FY 2024, Ukraine needs air defense, artillery, armor, anti-armor, fixed wing, and maritime security capabilities, among others, along with critical maintenance and sustainment requirements. This can be achieved through direct support to Ukraine and through incentivizing and backfilling donations and/or production of urgently needed capabilities for Ukraine with regional partners and allies.

To counter Putin's attempts to wage economic war on Ukraine by collapsing the Ukrainian economy, destroying the energy grid, and weaponizing winter, the United States and our Allies and partners need to support urgent recovery needs and programming requirements to make Ukraine less reliant on foreign budget support.

Ukraine needs support with non-proliferation efforts and ongoing demining activities, including training and equipment to build local capacity to remove explosive remnants of war.

Ensuring Ukraine prevails is not only possible, but also necessary for the future of Ukraine and for the security of Europe, the United States, and the global rules-based order. Putin and potential aggressors around the world think they can outlast us—we must prove them wrong.

*Question.* Of the \$44.2 billion in security assistance we have provided to Ukraine since the onset of the war, how much remains unobligated?

*Answer.* Since Russia's February 2022 invasion of Ukraine, the United States has provided approximately \$44.2 billion in security assistance to Ukraine through Foreign Military Financing (FMF), Presidential Drawdown Authority (PDA), and the Ukraine Security Assistance Initiative (USAI). This represents the total value of assistance notified to Congress to support Ukraine's armed forces, either by transferring defense articles from Department of Defense stocks directly to Ukraine through PDA, or by using FMF and USAI foreign assistance funds to directly procure capabilities from industry and partner countries.

*Question.* What percentage of [the \$44.2 billion in security assistance we have provided to Ukraine since the onset of the war] has been spent here in the United States?

*Answer.* U.S. support to Ukraine to help them win against Russian aggression reinforces Transatlantic security and is a long-term signal of deterrence and inhibits Russian aggression globally now and into the future. For 5 percent of our budget, we have shattered much of the Russian military. Meanwhile, the funding provided is going to the U.S. Defense Industrial Base—creating jobs and enhancing our national strength.

The vast majority of U.S. security assistance to Ukraine—whether via Presidential Drawdown Authority, Foreign Military Financing (FMF), or the Ukraine Security Assistance Initiative (USAI), will support U.S. industry. Congress also appropriated funds to replenish defense articles from U.S. stocks provided to Ukraine under the Presidential Drawdown Authority. This funding will be used to purchase U.S. replacement defense articles and services from American companies in our defense industrial base. FMF provided to Ukraine directly or to partners and allies impacted by the situation in Ukraine (largely to backfill and incentivize donations of military equipment to Ukraine) will also be used to purchase U.S. defense articles and services from U.S. companies. The same applies to USAI funding. This money is going right back into the U.S. economy and it's going to create jobs, it's going to sustain jobs, it's going to provide opportunities for Americans. The first four supplementals that we received were invested in over 30 states here in the United States.

And that's real money going in the pockets of Americans.

*Question.* Can you explain why the lend-lease authority was not used to assist Ukraine?

*Answer.* We appreciate that Congress has provided a range of authorities to ensure that Ukraine can receive the equipment it needs to defend itself, and we worked closely with the Department of Defense to assess the potential effectiveness of the lend-lease authority for Ukraine. Challenges include the financial responsibility the recipient has for any damage to the equipment, the impact on DoD of potentially having equipment be absent from its stocks for years and then reintegrated, and the likelihood that Ukraine will need to permanently maintain these capabilities—not give them back to us. We want Ukraine to build a modern, inter-

operable military capable of defending itself against future aggression, which will require long-term investments in Western capabilities.

*Question.* Do you believe Congress should consider reauthorizing the lend-lease authority at this critical juncture in Ukraine's counteroffensive?

*Answer.* We have found the other authorities Congress has provided for the United States to assist Ukraine to be very effective. Though we may explore use of the Lend-Lease authority in the future, for now we are focused on using existing authorities most effectively and expeditiously. Specifically, this includes Foreign Military Financing, Ukraine Security Assistance Initiative, and Presidential Draw-down Authority and associated replenishment funding, all of which are included in the Administration's National Security Supplemental Request.

