By Laura Jehl and Fatema Merchant

Throughout the course of the U.S. presidential campaign and especially in the transition period, President Donald Trump praised Russia’s President Vladimir Putin and indicated his desire for the U.S. to have a warmer relationship with our former cold-war adversary. Now, Trump has suggested that he’s open to rolling back two sets of sanctions against Russia imposed by the Obama administration. Here is Trump’s reasoning:

First, Trump reportedly stated that he was open to lifting the sanctions President Obama imposed in December 2016 in response to a series of Russian cyberattacks against the Democratic National Committee (DNC), Clinton campaign advisor John Podesta and state voter registration databases, all aimed at disrupting the 2016 U.S. Presidential election if Russia partnered with the U.S. to defeat the Islamic State Group. ‘‘If you get along and if Russia is really helping us, why would anybody have sanctions if somebody’s doing some great things?’’ Trump said. Then, in a joint interview with reporters from the U.K.’s The Times of London and Germany’s The Bild, Trump suggested that he may lift earlier sanctions imposed in response to the Russian occupation of parts of Ukraine in exchange for a reduction in nuclear weapons. ‘‘Let’s see if we can make some good deals with Russia,’’ Trump said.
Trump’s comments sparked strong reaction from high-ranking Obama administration officials. On Friday, Dec. 29, 2016, Director of National Intelligence James Clapper suggested that Trump has a lot to learn about Russia’s role in the world and its relations to the U.S. “I think he has to be made to understand that we have a full appreciation of what’s at stake here,” Clapper said. In a meeting with the President-elect on Monday, Jan. 16, former Vice President Joe Biden said, “The declassified version of a report assessing that Putin or Russian agents interfered with, or attempted to interfere with, the U.S. presidential election. On Jan. 6, U.S. intelligence agencies released a joint report issued on Dec. 30, 2016 by the Federal Bureau of Investigation (FBI) and Department of Homeland Security (DHS) described the tools and infrastructure used by Russian civilian and military intelligence services to exploit U.S. networks associated with U.S. government agencies and contractors that have the potential to produce of that level of Russian cyberactivity. Ukraine-Related Sanctions

For multiple days of the 2016 presidential election, we heard and saw, over and over again, the consistent narrative that Russian cyberactivity and interference were not harmful or significant. The narrative, which was核查ed by changing the 2013 presidential election, was that the sanctions are not intended to harm or significantly compromise the provision of services to networks that support the critical national infrastructure sector; cause significant disruptions to the availability of services; or cause significant misappropriations of funds or economic resources or financial information for commercial advantage or competitive harm; or significantly impact the availability of or access to technology. Additionally under the pre-existing authority to sanction cyber-activities, the U.S. Department of Treasury’s Office of Foreign Assets Control (OFAC) designated two Russian intelligence services: the Federalnaya Sluzhba Bezopasnosti (FSB); and three Russian companies that provided material support to the GRU’s cyber activities. Using this authority, Obama imposed blocking sanctions against four individual Russian citizens of the Main Intelligence Directorate (Glavnoe Razvedyvatel’noe Upravlenie, or GRU) and the Federal Security Service (Fедеральная Служба Безопасности, or FSB), which are the Russian organizations that provided material support to the GRU’s cyber activities. Additionally, under the pre-existing authority, to sanction cyber-activities, the U.S. Department of Treasury’s Office of Foreign Assets Control (OFAC) designated two Russian individuals for stealing funds and personal identifiers in the U.S. using networks associated with U.S. government agencies and contractors that have the potential to produce of that level of Russian cyberactivity. Ukraine-Related Sanctions

On Dec. 29, 2016, Obama announced targeted sanctions against Russian officials and entities to counter Russian interference in the 2016 U.S. presidential election. The sanctions targeted officials and entities that have engaged in or supported information operations and cyber-enabled efforts designed to disrupt the U.S. political system. The sanctions are intended to disrupt Russia’s ability to interfere with U.S. elections and to provide deterrence for future attempts to interfere. The sanctions also prohibit energy investments in deepwater, Arctic offshore, or shale projects and investments in major Russian entities and companies in the energy sector. The sanctions also prohibit energy investments in deepwater, Arctic offshore, or shale projects and investments in major Russian entities and companies in the energy sector. The sanctions are intended to disrupt Russia’s ability to interfere with U.S. elections and to provide deterrence for future attempts to interfere.
If passed, the new sanctions embodied in the Countering Russian Hostilities Act of 2017 would have a significant impact on the global energy and financial markets, broadening the restrictions on companies looking to invest in Russia.

The Countering Russian Hostilities Act of 2017

On Jan. 10, Senate Republicans and Democrats introduced bipartisan legislation called the “Countering Russian Hostilities Act of 2017” that would impose a broad range of sanctions on Russia. “We have been attacked by Russia,” said Sen. Ben Cardin (D-Md.), a co-sponsor of the Act. “It cannot be business as usual.” The Act would make the sanctions President Obama imposed in response to Russia’s cyberattack on the U.S. to influence the 2016 Presidential election and the Ukraine-related sanctions President Obama issued in 2014. Importantly, the legislation would beef up economic sanctions related to Russia’s energy and financial sectors on Russia for both Russia’s interference in the election and related to Russia’s activities in Ukraine and Syria.

If passed, the new sanctions embodied in the Act would have a significant impact on the global energy and financial markets, broadening the restrictions on companies looking to invest in Russia. It would also make reversing the 2014 Ukraine-related sanctions very difficult. Currently, those sanctions have been implemented through executive order. If Trump were inclined to ease those sanctions, he could do so quite easily through revocation of executive orders. Though the cosponsors of the bill have indicated that there has been widespread support and Democratic leaders Sen. Chuck Schumer (D-N.Y.) has reportedly asked that Congress take up the bill “promptly,” it is unclear at this point whether and how fast the bill would move through Congress. If passed, the Act would require Trump to impose sanctions on an individual or entity that:

- conducts transactions of more than $1 million in value over a 12-month period that support Russia’s energy sector;
- makes an investment of over $20 million that would enhance Russia’s energy sector;
- conducts transactions of more than $1 million in value over a 12-month period that facilitate the building of Russian pipelines;
- conducts transactions of more than $1 million in value over a 12-month period that support Russia’s ability to construct and maintain power plants;
- purchases, subscribes, or facilitates the issuance of Russian sovereign debt;
- purchases, subscribes, or facilitates the issuance of Russian sovereign debt;
- makes an investment of over $10 million in support of privatizing Russian state-owned assets; and
- conducts transactions with persons responsible for human rights abuses in Russia.

The legislation includes the ability for the U.S. President to waive the sanctions, but only after certain certification requirements are met showing Russia’s progress on human rights and other issues. The menu of sanctions include export restrictions, denial of loans from U.S. banks, visa bans, asset freezes, among others.

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