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## [Trump, sanctions, Congress: business or principles?](#)



On January 1, U.S. Senators Amy Klobuchar, Lindsey Graham, and John McCain [called for new sanctions on Russia](#) – even in the aftermath of President Barack Obama’s expulsion of 35 ‘diplomats’ – only metres from the border with Georgia’s de facto Russian-occupied breakaway region of South Ossetia. On January 10, ten bipartisan Senators [proposed legislation](#) to formalize the latest sanctions. Nevertheless, the Trump administration may seek to loosen economic measures, particularly sanctions on fracking and deep-sea drilling, particularly as barring a last minute extension by President Barack Obama – although [this should not entirely be ruled out](#) – the most significant measures will expire on March 7. However, sanctions on individuals and firms linked to Russia’s war in Ukraine, although Russian state-owned, are likely to remain in place. Furthermore, general relations with Russia will remain stressed given the Congress’ more assertive position, which could result in further sanctions being legislated should Russia’s foreign policy continue to grow more activist.

The Trump administration includes a number of individuals who have actively called for such a trade-based relationship with Russia, which conservative think tanks in the United States also appear to be lining up behind. Firstly, members of the incoming administration in the national security sphere are amongst the most Russian-friendly, with General Mike Flynn publicly called for cooperation with Moscow on combating ISIS. Although [Flynn’s book labelled](#) Russia as part of an ‘enemy alliance,’ Flynn has rapidly gone from [indicating](#) boosting bilateral ties could be useful in keeping Iran in check to [arguing the fight against Islamist terrorism is dependent on doing so](#). KT McFarland has [called](#) for Russian President Vladimir Putin to be given the Noble Peace Prize. Flynn will be Trump’s National Security Advisor and McFarland Deputy National Security Advisor.

If Trump’s national security team is relatively dovish on Moscow, it is likely to provide little resistance to what is likely to be a ‘business first’ effort by the Trump administration to renew, if not wholly restructure, Russia-US relations. The nomination of ExxonMobil CEO Rex Tillerson, who has long negotiated deal economically-beneficial to the company’s shareholders with Russia amongst other foreign regimes despite stated US [government positions](#), as Secretary of State made that clear. Under Tillerson’s stewardship, ExxonMobil heavily [lobbied against Russian sanctions](#). Other members of the administration, such as spokesperson Kelyanne Conway, who will serve as ‘[counselor to the president](#)’ after the inauguration, saying it is ‘time to move on’.

There are political scientists and Russia watchers who [argue](#) concessions to Moscow to lower tensions are the logical next step to détente, although these calls have proven controversial. Yet the lack of foreign policy thinkers closely associated with the Trump administration means there is little public knowledge of any ideological currents running through its foreign policy planning. Yet in addition to Tillerson, and Trump himself, Commerce Secretary nominee Wilbur Ross also has known ties to Russia, in his case as a [co-investor with Renova Group CEO Viktor Vekselberg](#) in the Bank of Cyprus. In any case, it appears that both markets, and even the Obama administration have already acknowledged that a ‘business first’ approach to Russia will likely be Trump’s chosen path.

President Obama’s December 29th announcement of new sanctions and expulsions of Russian diplomats, was described as a vociferous response to Russia’s alleged hacking, but upon closer inspection, is notable for the

fact it did not escalate economic sanctions even by the slightest measure. Nor did the [sanctioning](#) of the Investigative Committee head Alexander Bastrykin, and those most closely tied to the Magnitsky case and Litvinenko assassination on 9 January. These sanctions are more symbolic whereas the economically significant measures are broadly those known as the sectoral sanctions. New economic measures could have sent Russia back into the two-year-long recession it [appears to finally be very slowly escaping](#). Instead, Obama left Trump with sanctions that will symbolically be hard to unwind, but he appears set to take a freer hand on the economic measures.

For Trump to remove these latest sanctions - Obama's executive order calls for sanctions to be lifted only when there is evidence Russia has ceased state-sponsored hacking activities - which it is unlikely to do, particularly as evidenced by Kyiv's assertion that Moscow has targeted Ukraine alone in more than [6,500 cyber-attacks](#). Calling the Russian intelligence services new friends of Washington is likely a bridge too far even for Trump to cross.

However, with regards to lifting the economic measures, Trump has a far easier path, at least for now. While Trump could undo all of the sanctions by repealing Obama's executive orders authorizing them, this would likely be politically costly. While Congressional legislation authorizing some of the measures was passed in 2014, [this was structured](#) to leave the presidency with significant leeway as to their implementation. However, Trump would risk being overruled by Congress as the legislation calls for Crimean sanctions to remain in place until Ukraine's sovereignty is restored, which is not on the cards for the foreseeable future.

The real crux of the future of the sectoral sanctions will depend on Congress, and Senate in particular. While there is some evidence that Congress will allow Trump to pursue some changes to the US' Russia policy, most notably Republican Senator Bob Corker's [refusal to allow a vote](#) on the Stand with Ukraine Act although it had been passed by the House, there are also signs a showdown is coming. As the Chairman of the Senate Foreign Relations Committee, Corker could become a key ally for Trump reshaping how the US approaches its relationship with Russia, although Corker too was openly hawkish on Moscow until recently.

As mentioned earlier, the sectoral sanctions, the [measures that directly prohibit](#) financing of listed Russian energy and financial companies, [expire on 7 March 2017](#). While Trump could in theory also reverse them earlier, and Obama could extend them, should they remain as written when Trump takes office, he can simply allow them to expire and thereby deflect accusations he is lifting Russian sanctions. The sectoral sanctions are solely part of an executive order and are not formally related to the existing Congressional legislation.

However, the introduction of the "Countering Russian Hostilities Act of 2017" could change this. While it is unlikely that the bill will be passed while Obama is still in office, Trump would be taking a significant risk - and potentially face an override - if he attempted to veto it. The [bill as currently written](#) actually even exceeds Obama's executive orders. Formally Trump can waive its measures for national security reasons. However, his path to easing any measures would be far more politically costly than if it does not pass. However, the bill is still quite some way from passage. The bill will be a true test of Trump's aims, and willingness to buck prevailing thinking on Russia policy.

Indeed the belief Trump will pursue a 'business first' policy on Russia already appears into a self-fulfilling prophecy: Rosneft has been able to [use Rosneftegaz](#) or other [unsanctioned ostensibly private Russian entities](#) to dodge them, while recent revelations that unsanctioned Bank Okritie was also [used](#) to do so will likely go without a response. As aforementioned, Western firms have taken note of this and are already seeking new Russian investments, although the sanctions formally still remain in place.

The first to do so was Glencore, which while Swiss-based, required the approval of its board of directors, [which includes major current and former US CEOs](#), to invest in majority Russian state-owned Rosneft, only a month after Trump was elected, a deal which Italy's Intesa Sao Paolo also appears set to profit from as it provided the bulk of the financing. The second major Western firm, and the first major US one, to take Trump's sign of a business friendly relationship with Moscow is Halliburton - long a bell weather of trends in the political economy of energy under Republican administrations - which on 24 December [announced plans to invest in Russia's oil sector](#). While Russian-American relations may not be made great again, 'business first,' appears set to be the administration's approach, unless, of course, Congress gets in the way.

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