

Report on Supply Chain Compliance Volume 2, Number 8. May 02, 2019 US takes aim at Russia with two new pieces of legislation

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The United States Congress is considering two separate bills that, together, ratchet up the pressure on Russia's economy. The first, the <u>European Energy Security and Diversification Act of 2019</u>, has passed the House of Representatives and is currently being reviewed by the Senate. The act would "prioritize the efforts of and enhance coordination among United States agencies to encourage countries in Europe and Eurasia to diversify their energy sources and supply routes, increase energy security in the region, and help the United States reach its global energy security goals, and for other purposes."

What the act really intends to do is disrupt the energy supply chain connecting Russia to Europe, and establish a new supply chain linking abundant U.S. petrol with European markets. The U.S. hopes to achieve this through a combination of funding for infrastructure projects and sanctions on the Russian energy sector.

The second piece of legislation, the <u>Defending American Security from Kremlin Aggression Act of 2019</u>, was introduced into the Senate in February. This act would place sanctions against Russia's financial, shipbuilding and liquid natural gas industries. The opening text of the act claims the purpose is to "strengthen the North Atlantic Treaty Organization, to combat international cybercrime, and to impose additional sanctions with respect to the Russian Federation, and for other purposes."

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