



United States House of Representatives  
One Hundred Eighteenth Congress  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

December 18, 2023

The Honorable Jake Sullivan  
National Security Advisor  
The White House  
1600 Pennsylvania Ave. NW  
Washington, D.C. 20500

Dear Mr. Sullivan:

We are writing to urge the Biden Administration to target Moscow's hard currency revenues by abandoning the failed oil price cap scheme and imposing comprehensive energy sanctions on Russia. The price cap was premised on the idea that defeating Russia would be a free lunch – this wishful thinking has only prolonged Ukrainians' suffering.

At a time when the President is requesting supplemental appropriations for Ukraine, it is inexplicable for the Administration to keep greenlighting billions of dollars in revenues each month for Moscow's war machine. How can the right hand rebuild while the left hand destroys? Since the price cap was established, Russian fossil fuel exports have totaled more than \$250 billion, with China alone importing more than \$57 billion in Russian crude and oil products.<sup>1</sup> As a result, a record Russian budget is planning to double defense spending next year.<sup>2</sup> The oil price cap has helped to make this possible.

Price cap supporters have argued that policy alternatives, such as tougher sanctions or escrow measures, may only result in higher revenues for Russia. This defeatist claim flies in the face of longstanding sanctions against Iran and Venezuela, neither of which the Administration is proposing to convert to price cap programs. The oil price cap is also an expression of resignation to our Ukrainian allies, signaling that the U.S. would be unwilling to enforce primary and secondary sanctions to cut off Russia's energy trade.

Since the invasion of Ukraine, we have called for measures that prevent Moscow from obtaining funds that sustain its military. This includes ending the Treasury Department's repeated licensing of energy-related transactions with sanctioned Russian banks, which has permitted Russia to use the U.S. financial system for any transaction involving the sale of oil and natural gas.<sup>3</sup> We also support additional designations by Treasury's Office of

---

<sup>1</sup> <https://www.politico.eu/article/bulgaria-millions-fake-paperwork-cockroach-strategy-how-europe-fail-sap-russia-energy-profit-lukoil/>

<sup>2</sup> <https://carnegieendowment.org/politika/90753>

<sup>3</sup> See the *No Energy Revenues for Russian Hostilities Act* (H.R. 759), an initiative that garnered 60 cosponsors in the 117<sup>th</sup> Congress.

The Honorable Jake Sullivan

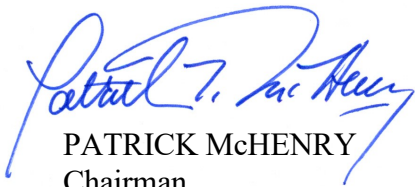
December 18, 2023

Page 2

Foreign Assets Control, not merely of Russia's financial institutions, but also third-country entities that purchase Russian crude. In concert with our allies in Europe, we should be tightening EU sanctions on Russia's oil and gas exports, rather than extending the carveouts created last year.

It is time to admit that the oil price cap scheme is misguided. Its supporters have prioritized crude oil prices even if it means continued revenues for Moscow, but they should be pursuing a far more serious objective: helping Ukraine win the war as quickly as possible. The price cap is not consistent with this objective. We stand ready to work with you on more ambitious measures.

Sincerely,



PATRICK McHENRY  
Chairman



BLAINE LUETKEMEYER  
Chairman  
Subcommittee on National Security,  
Illicit Finance, and International Financial  
Institutions



ANDY BARR  
Chairman  
Subcommittee on Financial Institutions  
and Monetary Policy



FRENCH HILL  
Chairman  
Subcommittee on Digital Assets,  
Financial Technology, and Inclusion

cc: The Honorable Maxine Waters, Ranking Member, Committee on Financial Services  
The Honorable Janet Yellen, Secretary, Department of the Treasury  
Ambassador Oksana Markarova, Embassy of Ukraine