

Press Releases: Briefing on Sanctions With Respect to Russia's Defense and Intelligence Sectors Under Section 231 of the Countering America's Adversaries Through Sanctions Act of 2017

Special Briefing
Senior State Department Officials
Via Teleconference
October 27, 2017

MODERATOR: Thank you. Good afternoon, everyone, and thank you for joining us today. This is an on-background briefing with senior State Department officials to discuss recently posted implementation guidance related to Section 231 of the Countering America's Adversaries Through Sanctions Act of 2017.

We're joined today by [Senior State Department Official One], [Senior State Department Official Two], and [Senior State Department Official Three]. From here forward, [Senior State Department Official One] will be referenced as State Department Official One, [Senior State Department Official Two] as State Department Official Two, and [Senior State Department Official Three] as State Department Official Three.

As a reminder, this call is embargoed until the conclusion of the briefing and it is being conducted on background. So now I'll turn it over to [Senior State Department Official One] for opening remarks, and then we'll begin questions. Thank you.

SENIOR STATE DEPARTMENT OFFICIAL ONE: Thank you. The Department of State today released guidance in accordance with the Countering America's Adversaries Through Sanctions Act, which was adopted by the Congress on July 28th of this year and signed by the President on August 2nd. The guidance relates to Section 231 of the act, which mandates the administration specify those persons or entities that are part of or operating for or on behalf of the defense or intelligence sectors of the Government of the Russian Federation.

The intent of Congress and the administration is to use Section 231 of the

act to respond to Russia's malign behavior with respect to the crisis in eastern Ukraine, cyber intrusions and attacks, and human rights abuses.

This section of the act targets significant transactions with persons in the defense and intelligence sectors of the Russian Government, which could include the sale of advanced Russian weaponry around the world. The full guidance, [<https://www.state.gov/t/isn/caatsa/index.htm>] along with the listing of entities defining those sectors of the government, and frequently asked questions can be viewed online at the state.gov website. Thank you.

MODERATOR: All right, thank you very much, and now we'll open it up for questions.

OPERATOR: Ladies and gentlemen, if you'd like to ask a question, please press * then 1 on your touchtone phone. And one moment, please, for our first question.

Our first question will come from the line of Felicia Schwartz with *The Wall Street Journal*. Your line is open.

QUESTION: Hi, thanks for doing this. Can you talk about the outreach you've done to allies and other – and industry, like what that looks like, who's doing it? Is it still going on? Have you done it already? What sectors primarily? Thanks.

SENIOR STATE DEPARTMENT OFFICIAL TWO: Sure. This is [Senior State Department Official Two] talking. We did – we've done extensive outreach to allies in Europe but also elsewhere. We've taken multiple – we did a trip to Europe where we went to Brussels. We talked to all EU member-states in Brussels. We then hit a few key capitals on that trip, going to London, Berlin, and Paris. We did outreach even before we went on the trip here in Washington, where we again met all EU member-states. We have since taken – or we've since received delegations from Brussels and at least one EU member-state here in Washington. We plan to go out again in two weeks to hit other capitals and to go to Brussels again to talk to all the EU member-states. We've done video teleconferences, and that's just with Europe.

In addition, we've reached out to other allies and partners and solicited views, feedback, questions, concerns, and had dialogues – had – started dialogues with all of them. That's on the side of partners and allies. With respect to the business community, we've also done outreach to the private sector on multiple occasions, had them here in the State Department but also gone out for discussions with them, and also there solicited views, concerns, questions, so that we could take all of that into account as we were looking into how to implement the legislation.

MODERATOR: Thank you. Next question, please.

OPERATOR: Next we'll go to the line of Gardiner Harris with *The New York Times*. Your line is open.

QUESTION: So you have a host of allies and close friends who have Russian military equipment, need to buy spare parts. India comes to mind, a couple of

NATO allies in the eastern part of Europe, even Afghanistan. Can they continue to buy those spare parts? What's going to happen to those allies and friends –

OPERATOR: Anadoly Bochinin.

QUESTION: Hello?

SENIOR STATE DEPARTMENT OFFICIAL ONE: Yes, yes, sorry. Well, so in our public guidance we made clear that there a significance threshold to the implementation of the law. The law requires sanctions in the case of a significant transaction happening between a person on the list and another person, individual, or entity. So there is a significance threshold that would presumably exclude certain things that are less than significant.

Obviously, we're going to consider the totality of circumstances in any individual case when making a decision, but I think that smaller-scale things, lesser things, would cut against making a decision that those are significant, particularly in cases where you have an ally that we want to have strong military capabilities to continue to partner with them across a range of scenarios.

MODERATOR: Thank you. Next question, please.

OPERATOR: We go to the line of Richard Lardner with AP. Your line is open.

QUESTION: Hi, I guess my question is a bit of a follow-on to the last one. Can you put a finer point, then, on what a significant transaction is? Because it sounds like it's fairly open-ended, that you can decide on a case-by-case basis whether or not you are going to use the – impose the sanctions. Can you be a bit more specific as to what a significant transaction would be?

SENIOR STATE DEPARTMENT OFFICIAL ONE: We provided a definition for significant transaction in the public guidance, and we did say that as with all sanctions determinations across this law or any other law, there has to be a consideration of the specific circumstances of a transaction and the totality of all the facts that are involved.

What we have said – and it is a flexible standard – is that there are some criteria that we could include in looking at transactions, and those would include the scope and magnitude of the transaction, the size of the transaction, the type of items transferred, the national security and/or foreign policy interests of the U.S. at stake in any given transaction. So it is not a sort of simple metric, but it does give us a wide range of factors that we would consider in looking at any individual case.

MODERATOR: Thank you. Next question, please.

OPERATOR: Next we go to the line of Warren Strobel of Reuters. Please, go ahead.

QUESTION: Hi, thanks for doing this. I have sort of a “what's next” question. I understand under the law sanctions can be imposed as early as – I think

it's January 29th, and I'm just wondering whether you plan to move as soon as you can and how aggressive you plan to be. Obviously, this bill was passed with wide, wide support from Congress. Thank you.

SENIOR STATE DEPARTMENT OFFICIAL TWO: Our next steps, I think we are going to take a close look around the world at transactions and dealings that we think may fall within the scope of this sanctions provision, and we're going to look at really robust engagement with our partners, allies around the world based on our analysis. So we're right now in the beginning stages of that, but it's going to look – once we have a good analysis, we're going to start that robust engagement and talk to partners and allies about where we find transactions that may be problematic.

MODERATOR: Next question, please.

OPERATOR: Next we go to the line of Paul Shinkman with *U.S. News & World*. Your line is open.

QUESTION: Yes, thanks for doing this. Two questions. One is sort of a follow-up on the spare parts. Does this affect any of the security agreements that some of our allies have signed with Russia? I think specifically Turkey with air defense, and also I think it was Qatar in recent weeks. And then secondly, the President has sort of gone back and forth on whether he feels declaratively that Russia interfered in the 2016 election. Should we see this as a sign that he now acknowledges that, cut and dry, they did?

SENIOR STATE DEPARTMENT OFFICIAL ONE: So again, I would just reiterate that we're going to look at all the circumstances for transactions that come up in the press or that are – we're made aware of through other means. I would caution against reacting to every press report. Arms deals are complex; they have many stages, and just because something is mentioned in the press, it does not necessarily mean that there would even be a transaction, much less one that would meet the significance threshold. And again, we're going to look very specifically at individual circumstances.

SENIOR STATE DEPARTMENT OFFICIAL THREE: Yeah. And then on the question about interference in the election, I think it's very clear the intelligence community has established in its report very clearly what the assessment is. The Secretary has spoken on that issue as well, and we will be implementing the sanctions legislation robustly, in keeping with our understanding of Congress's intent and the facts that precipitated that legislation, including interference in our election.

MODERATOR: Next question, please.

OPERATOR: Conor Finnegan with ABC News, your line is open.

QUESTION: Hey, thanks very much for doing this. In August, Secretary Tillerson had said that he would fold the old sanctions czar position into the policy planning staff. I'm just wondering, does that mean that you guys have eliminated staff as well in the old position? And whether or not, do you know you have enough staff to implement all the sanctions, especially given

that there's been more and more – there's obviously the North Korea and Iran parts of this bill, but the House just passed yet another Iran sanctions bill yesterday? Thank you.

SENIOR STATE DEPARTMENT OFFICIAL THREE: Let me just say from the Bureau of European Affairs that we have – there was – it's true, there was a small office that worked on sanctions issues, but we have people throughout the building working on sanctions issues – for example, U.S. official number one here who has worked on sanctions. So I think that office had a coordinating function, and the coordination is now being done – continues to be done and continues to pull a large number of staff members who work on sanctions throughout the building.

MODERATOR: Next question, please.

OPERATOR: Next we go to the line of Anadoly Bochinin with TASS. Your line is open.

QUESTION: (Inaudible) Ah. Hi. Hello?

MODERATOR: Yeah, go ahead, please.

QUESTION: Okay, thank you. Sir, my question is – thank you for doing this – the list you have published yesterday and today with this Russian company, can it be expended after some time?

SENIOR STATE DEPARTMENT OFFICIAL ONE: Yes, that's possible. And if that happens, we would make a public announcement and it would be quite clear to everyone.

QUESTION: Thank you.

MODERATOR: Next question, please.

OPERATOR: Next we go to the line of Joel Gerhke with the Washington Examiner. Your line is open.

QUESTION: With NATO allies who rely on Russian equipment, is there – are the State Department and Congress working in the short term to see some changeover or sale of U.S. equipment to replace some of the Russian equipment that might be affected by this? And also, could you respond to Russian officials who say that this is – like in the case of – as they've argued on energy sanctions, this is a case of the United States trying to dominate an international market?

SENIOR STATE DEPARTMENT OFFICIAL THREE: Just on the first question, NATO has had a policy for some time of reducing reliance on old Soviet and Russian military equipment. So this has been longstanding policy not only in the United States, but among our NATO allies, and many countries are working in that direction already. So this is actually simply supportive and reflective of what's been the policy.

SENIOR STATE DEPARTMENT OFFICIAL ONE: Yeah. And I mean certainly we're not

looking at this particular sanctions legislation as some sort of competitive tool. That's not the intent of Congress and certainly not the administration's intent in enforcing it.

MODERATOR: All right. Thank you, everyone. We have no more questions in the queue. Thank you for joining us today. Remind you this call is on background, and the embargo is now lifted. And thank you to our State Department officials who joined us today. Have a good afternoon.

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