



On April 25, 2025, first responders work at the scene of a missile strike that hit Ukraine the day after President Trump posted "Vladimir, STOP!" on social media. New sanctions on Russia remain paused. Photo credit: Ukraine's State Emergency Service/AFP

Dropping the Baton: How America is Failing to Use Russia Sanctions and Export Controls to Help Achieve a Just Peace in Ukraine



Minority Staff Report prepared for

Sen. Elizabeth Warren, Ranking Member, Senate Committee on Banking, Housing, and Urban Affairs

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Executive Summary

In early 2025, Russia and the world looked to assess a new American Administration's resolve to apply pressure on the Kremlin to help achieve a just peace for Ukraine. Since Russia launched its full-scale war in February 2022, the United States and G7 partners had regularly imposed and sharpened a wide range of sanctions and export controls that have been unprecedented in their use against a major economy. These measures aimed to achieve two key objectives: (1) to restrict Russia's ability to acquire foreign inputs to build its war machine, and (2) to limit the revenue that Russia needs to finance its expanding defense budget. The collective effort advanced both objectives. It reduced significantly the flow of critical G7 technologies to Russia and compelled Moscow to import key goods by covert and irregular means, at higher cost. Russia's oil revenues fell, contributing to underlying, structural weaknesses in the Kremlin's war economy. Regular, frequent sanctions and export control actions had kept the costs to Russia growing while it continued its war of choice.

Six months later, our allies and adversaries are waiting to see whether President Trump will follow through on belated and continued threats to act against Russia's ongoing aggression. They are waiting to see whether his Administration's actions will be sustained and targeted in a way that focuses costs on Russia and its enablers. While the next steps may be uncertain, the Trump Administration's pattern of inaction over the past six months is clear. The American people should understand the extent of the President's reluctance to use his broad authorities to help end Russia's war.

This report by the minority staffs of the Senate Committee on Banking, Housing, and Urban Affairs and the Senate Committee on Foreign Relations assesses the Trump Administration's implementation of Russia sanctions and export controls and presents four main findings.

Finding 1: The Trump Administration immediately stopped taking basic sanctions and export control actions that had maintained and increased U.S. pressure. The report shows that the Departments of the Treasury, State, and Commerce had regularly implemented new measures over the first three years of Russia's full-scale war. These

agencies also coordinated closely with G7 partners and engaged in tough diplomacy with high-level officials across evasion hubs in regions including the Middle East, Central Asia, and Southeast Asia. By contrast, the Trump Administration abruptly halted even minimal maintenance of sanctions and export controls regimes. The Administration let pressure dissipate despite a growing number of Russian circumvention efforts and has stood by as evaders in the People's Republic of China (PRC) and other countries have profited from their support to the Kremlin's war machine. The Administration has been unable or unwilling to apply sanctions on Russia while engaging in talks, while taking the opposite approach in the case of Iran.

Finding 2: The Administration has further undermined Ukraine's leverage by repeatedly signaling a lack of commitment to maintaining effective sanctions. If the Kremlin perceives that sanctions and export controls will atrophy over time, Ukraine loses leverage and Putin's incentive to come to the negotiating table dissipates. Yet, well before the extent of the Trump Administration's inaction would become apparent, U.S. officials took steps suggesting that the United States would in fact weaken its implementation of these economic tools, including against those who evade and circumvent U.S. measures. The report describes how the Trump Administration:

- Called for Russia's readmission into the group that coordinates Russia sanctions;
- Insisted on weakening the G7's position on Russia sanctions;
- Refused to say Russia started the war and failed to join partners in imposing sanctions on the war's anniversary;
- Disbanded a key initiative against Russian oligarchs;
- Publicly undermined Europe's sanctions on a Russian bank;
- Rejected a G7 proposal to help crack down on opaque Russian oil exports; and
- Publicly stated that sanctions on Russia are too costly to implement.

Finding 3: The Trump Administration has failed to capitalize on an opening to drive down Russian oil revenue. Before taking office, senior Trump Administration officials had forcefully argued that the Biden Administration should have enacted stronger restrictions on Russian oil exports, a major Kremlin revenue source. More than half a year into the President's term, however, the new Administration has failed to ramp up sanctions against Russian oil targets—even as experts point out that there is now greater scope for sanctions to drive down Russian oil revenue without significant adverse impacts on global or U.S. energy prices. The Trump Administration has left the European Union and the United Kingdom to forge ahead with more forward-leaning actions against Russian oil. Notably, among a range of other new measures in July, these two partners announced that they will lower their price caps on Russian oil without the United States.

Finding 4: Across agencies, Trump Administration decisions have caused concerning strain in staffing to support Russia sanctions and export controls. The Administration's personnel and policy decisions have resulted in reduced staffing levels

across the Departments of the Treasury, State, Commerce, and Justice, as well as the National Security Council (NSC). This threatens to undermine our ability to maintain or expand sanctions and export controls. The Trump Administration's impulsive personnel decisions have pushed experts out of government service, and it has mismanaged its own hiring freeze that was meant to exempt national security personnel.

The report's conclusion describes how the Trump Administration, despite its significant missteps, can still change course through specific lines of effort to achieve the President's stated goal of a lasting peace for Ukraine.

Introduction

After Russia launched its full-scale war on Ukraine in February 2022, the United States and G7 partners imposed and regularly sharpened a wide range of sanctions and export controls. These measures have been one set of policy tools in a broader strategy to support Ukraine as it defends itself from ongoing, illegal aggression.

In January 2025, following nearly three years of consistent and rising sanctions pressure, the incoming Trump Administration had significant leverage to drive Russia toward a just and lasting peace. Treasury and State actions before the end of the outgoing Administration strengthened President Trump's negotiating hand to achieve his stated policy objective. On January 10, Treasury sanctioned two major oil companies and, with State, sanctioned a wide range of other oil and liquefied natural gas (LNG) targets, demonstrating that the United States and its allies could more directly target Russian energy without spiking U.S. and global prices. Then, on January 15, Treasury publicly exposed a secret payment channel that Russia and the PRC had developed with the awareness of government officials to allow for cross-border payments for sensitive goods. Treasury issued a first wave of sanctions on entities connected with this scheme, opening another line of effort to counter a significant range of PRC-Russia transfers that have been instrumental in propping up the Kremlin's war machine. Teams at Treasury, State, and Commerce had standing processes in place to continue regular actions and had laid a strong foundation for the incoming Administration to apply further pressure on Russia's revenue and its enablers around the world.

Finding 1: The Trump Administration immediately stopped taking basic sanctions and export control actions that had maintained and increased U.S. pressure.

For sanctions to work, according to experts, "you need to keep running just to stay still," with "continuous maintenance" to counter Russia's workarounds.¹ From February 2022 to January 2025, often multiple times per month, the Departments of the Treasury and State issued broad

¹ New York Times, "Lack of New U.S. Sanctions Allows Restricted Goods and Funds Into Russia," Aaron Krolik, July 2, 2025, <https://www.nytimes.com/2025/07/02/us/politics/trump-russia-sanctions.html>.

sets of sanctions designations to block the property of those in Russia and globally who aided Russia's war on Ukraine. The Department of Commerce also regularly expanded export controls or cut off sets of companies from receiving U.S. exports due to their support for Russia's war machine. Senior officials from across the State Department, guided by the Office of Sanctions Coordination and working alongside Treasury and Commerce officials, engaged in daily diplomacy with allies and partners, both to develop complementary actions and to encourage compliance in countries that in many cases were skeptical of or outright opposed to the effort. This cadence across U.S. agencies helped not only to broaden U.S. targeting to cover new areas such as Russia's future energy revenue; it also countered the range of evaders and enablers—including in the PRC—that Russia has used to undercut the impacts of U.S. and G7 measures.

To illustrate the extent of the Trump Administration's halt in actions to counter such efforts, Committee staff compiled Treasury, State, and Commerce rollouts in response to Russia's war—public statements announcing the implementation of new sets of sanctions designations or export controls listings—from February 2022 through July 2025. Each rollout has typically consisted of numerous and sometimes hundreds of designations or listings, with announcements increasingly focused on companies and individuals in third countries that help supply Russia's war machine. While counting numbers of designations or rollouts is no substitute for gauging sanctions impact, understanding the frequency of rollouts provides information about the pace at which the United States had been identifying, exposing, and disrupting new methods that a sophisticated adversary develops to work around our measures.

Staff excluded from the analysis actions that did not meet conservative criteria.² For example, for Treasury and State actions, the analysis focused only on announcements involving new financial sanctions designations under Executive Order 14024, the main authority used for Russia sanctions since 2022.³ Announcements of visa restrictions and sanctions under Belarus authorities were not included if they did not accompany Russia sanctions designations. For all agencies, the analysis omitted announcements of enforcement actions such as fines or arrests, as opposed to sanctions designations, expansions of export control rules, or Entity List additions.

Using those criteria, the analysis covers a total of 141 rollouts, comprised of 70 by the Treasury Department, 41 by the State Department, and 30 by the Commerce Department. Together, these announcements have accounted for several thousand designations and listings of individuals and companies globally.

² In addition to the exclusions mentioned above, for Treasury and State sanctions, the analysis excluded announcements of new prohibitions (e.g., price cap determinations or import bans) when those were not accompanied by designations of individuals or entities. The analysis excluded actions taken under Iran, cyber-related, or other non-Russia sanctions authorities even if targets had some tie to Russia. It also excluded actions taken under the Russia sanctions authority for reasons not readily linked to Russia's war on Ukraine. For Commerce, the analysis included only announcements expanding the coverage of Russia export control rules and announcements expanding the list of companies added to the Entity List in relation to Russia.

³ Executive Order 14024, "Blocking Property With Respect To Specified Harmful Foreign Activities of the Government of the Russian Federation," April 15, 2021, <https://www.federalregister.gov/documents/2021/04/19/2021-08098/blocking-property-with-respect-to-specified-harmful-foreign-activities-of-the-government-of-the>.

Figure 1: The Trump Administration has not executed a single Russia rollout in six months, a drop to zero from a minimum of 16 sets of actions in every prior six-month period.

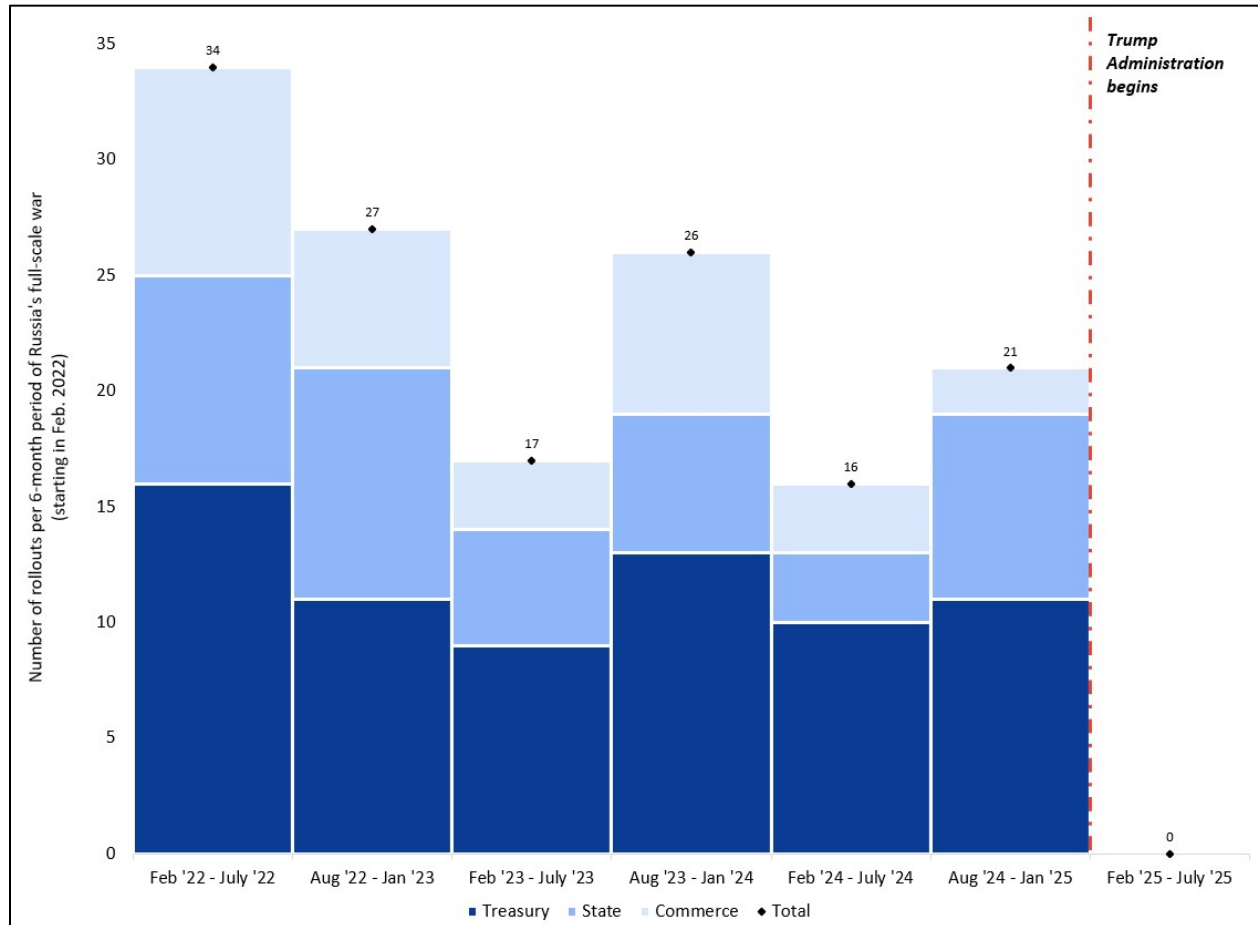
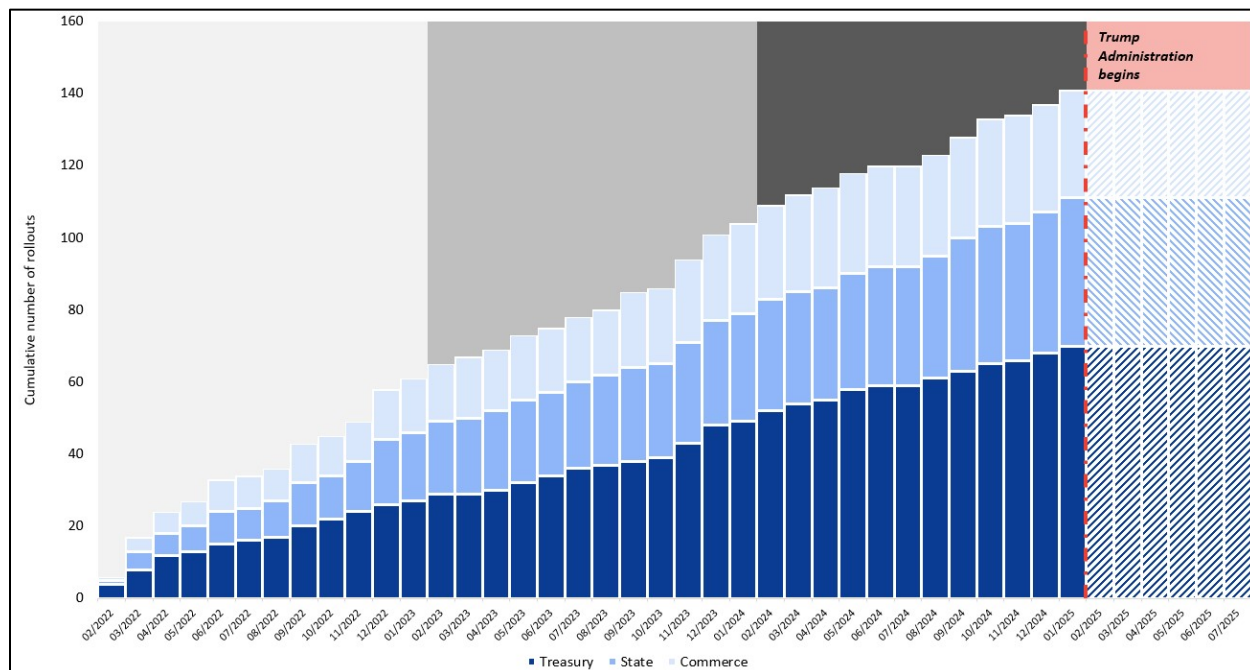


Figure 2: After three years of regular action to counter evasion and increase pressure, the Trump Administration has halted new sanctions and export controls.



stopped designating Russian entities and individuals; it has also failed to act against numerous non-Russian targets—including a range of PRC and other companies that are transferring critical military-related supplies. The Administration itself has stated that roughly 80 percent of Russian dual-use imports come from the PRC.⁶ Yet frequent U.S. actions against PRC companies and individuals, like all actions to reinforce Russia sanctions and export controls, have come to a standstill. Finally, the Administration has risked creating the misperception that even sanctions to maintain existing pressure are escalatory—both by having paused such actions for an extended period, and by making public comments suggesting that regular sanctions actions are too extreme.⁷ Yet frequent actions to counter evasion and keep the costs to Russia rising over time had not previously been provocative. Instead, they were necessary, and remain necessary, to maintain an effective program in response to blatant, ongoing aggression.

President Trump has also explained his Administration's hold on actions by stating that he would like to wait for U.S. allies and partners to move first—apparently unaware that those partners had indeed already moved multiple times without the United States. For example, on June 16, 2025, when asked if he was agreed with the European push for more sanctions on Russia, the President responded: “Well, Europe is saying that, but they haven't done it yet. Let's see them do it first.”⁸ In fact, both the European Union and the United Kingdom had already issued major sanctions packages in February and May, respectively, and have since issued another package in July.⁹ Their July actions included an announcement that they will lower their respective price caps on Russian oil, without the United States. In contrast, in late February, the United States failed to join our G7 partners in a major sanctions action to mark three years of Russia's illegal war. By comparison, on that date a year earlier, the United States sanctioned more than 500 entities and individuals tied to Russia's financial sector, defense industrial base, procurement networks, and sanctions evaders globally.¹⁰ As discussed below, experts note that U.S. sanctions are generally the most impactful.

Meanwhile, evasion has only grown as a concern this year. Public reports alone indicate that Russia and its enablers continue working to circumvent sanctions—now, without any apparent U.S. reaction.

- According to the Financial Times, a Russian defense sector bank and a sanctioned oligarch have launched a cryptocurrency token designed to allow cross-border payments despite

⁶ U.S. Department of State, “Department Press Briefing,” Thomas Pigott, July 31, 2025, https://www.state.gov/?post_type=state_briefing&%3Bp=92333.

⁷ Reuters, “US will not sanction Russia yet, Rubio tells Politico,” June 25, 2025, <https://www.reuters.com/world/europe/us-will-not-sanction-russia-yet-rubio-tells-politico-2025-06-25/>.

⁸ Roll Call, “Remarks: Donald Trump Holds a Bilat with Keir Starmer of the United Kingdom,” June 16, 2025, <https://rollcall.com/factbase/trump/transcript/donald-trump-remarks-bilat-united-kingdom-keir-starmer-alberta-canada-june-16-2025/>.

⁹ See, e.g., European Commission, “EU adopts 16th sanctions package against Russia,” press release, February 23, 2025, https://ec.europa.eu/commission/presscorner/detail/en/ip_25_585.

¹⁰ U.S. Department of the Treasury, “On Second Anniversary of Russia's Further Invasion of Ukraine and Following the Death of Aleksey Navalny, Treasury Sanctions Hundreds of Targets in Russia and Globally,” press release, February 23, 2024, <https://home.treasury.gov/news/press-releases/jy2117>.

G7 sanctions on Russia. The token, reportedly offered only on the decentralized exchange Uniswap, reportedly moved \$9.3 billion in roughly four months.¹¹

- Reuters has reported that major Russian banks are setting up a netting payments system called “The China Track” for transactions with the PRC that work around U.S. sanctions, featuring “a web of intermediaries registered in countries that Russia considers friendly.”¹²
- The New York Times has “identified more than 130 companies in mainland China and Hong Kong that are advertising immediate sales of restricted computer chips to Russia,” including several that “have sent restricted components to Russia in violation of U.S. export controls, trade data, online listings and corporate registration records show.”¹³
- Reuters has reported that an Indian company “shipped \$1.4 million worth of an explosive compound with military uses” to Russia, despite U.S. threats to impose sanctions on any entity supporting Russia’s Ukraine war effort and U.S. warnings about the specific explosive compound.¹⁴
- Sanctioned vessels are “conducting ship-to-ship transfers so ‘clean’ vessels can deliver shipments from Russia’s Far East ports,” following an earlier U.S. crackdown on Russian oil, Lloyd’s List has reported.¹⁵
- Bloomberg has reported that Russia’s sanctioned Arctic LNG 2 project, “key for Russia’s ambition to triple LNG production by 2030,” has recently raised output, suggesting that Russia may be identifying customers to take sanctioned cargoes.¹⁶

The Trump Administration continued its long pause on any new sanctions or export control actions despite evidence that their other approaches had not been successful.¹⁷ Notably, after Russia launched deadly strikes against Kyiv in late April, President Trump chose to respond with a social media post rather than bringing to bear America’s economic tools. He posted a message

¹¹ Financial Times, “Crypto coin for Russian shadow payments moves \$9bn,” Polina Ivanova, Oliver Hawkins, and Eade Hemingway, June 25, 2025, <https://www.ft.com/content/1c71cac0-b86b-4361-8f54-ee5d3bb5a489>; Cointelegraph, “Russian ruble stablecoin A7A5 tied to Garantex successor: FT,” Helen Partz, June 25, 2025, <https://cointelegraph.com/news/russian-ruble-stablecoin-a7a5-grinex-link-garantex-ft>.

¹² Reuters, “Exclusive: ‘China Track’ bank netting system shields Russia-China trade from Western eyes,” April 22, 2025, <https://www.reuters.com/business/finance/china-track-bank-netting-system-shields-russia-china-trade-western-eyes-2025-04-22/>.

¹³ New York Times, “Lack of New U.S. Sanctions Allows Restricted Goods and Funds Into Russia,” Aaron Krolak, July 2, 2025, <https://www.nytimes.com/2025/07/02/us/politics/trump-russia-sanctions.html>.

¹⁴ Reuters, “Exclusive: Indian firm shipped explosives to Russia despite US warnings,” Gram Slattery, Tom Balmforth, and Shivam Patel, July 24, 2025, <https://www.reuters.com/business/aerospace-defense/indian-firm-shipped-explosives-russia-despite-us-warnings-2025-07-24/>.

¹⁵ Lloyd’s List, “Nakhodka Bay becomes new STS hub for sanctions-skirting tankers,” Bridget Diakun, June 27, 2025, <https://www.lloydslist.com/LL1154016/Nakhodka-Bay-becomes-new-STS-hub-for-sanctions-skirting-tankers>.

¹⁶ Bloomberg, “Russia’s Sanctioned Arctic LNG 2 Raises Output to Record Levels,” June 30, 2025, <https://www.bloomberg.com/news/articles/2025-06-30/russia-s-sanctioned-arctic-lng-2-raises-output-to-record-levels>.

¹⁷ Note that the Administration has used sanctions authorities not focused on Russia’s war to designate five entities and six individuals in Russia for their involvement in cybercrime, and it has allowed for the previously scheduled expiration of a sanctions general license related to energy. The Administration has also delisted the wife of a designated Russian individual and has broadened a nuclear energy general license to authorize transactions related to completion of the Paks II nuclear power plant in Hungary.

implored President Putin to “STOP!”¹⁸ Nevertheless, Russia launched another round of deadly strikes on Ukraine the next night and has continued its attacks since. According to the Associated Press, “Russia now often batters Ukraine with more drones in a single night than it did during some entire months in 2024.”¹⁹ As one expert pointed out, President Trump generally tends “to impose pressure and get leverage and try to get the best deal possible,” yet, “[f]or whatever reason, with Russia, he doesn’t want to have any leverage over Putin.”²⁰

Finding 2: The Administration has further undermined Ukraine’s leverage by repeatedly signaling a lack of commitment to maintaining effective sanctions.

If the Kremlin perceives that sanctions and export controls will atrophy over time, Ukraine loses leverage and Russia is more likely to continue its war without negotiating in earnest.

Early in President Trump’s term, Russia and the global private sector sought to understand the incoming Administration’s stance on countering evasion and circumvention of sanctions and export controls. At critical moments, well before the extent of the Trump Administration’s inaction would become apparent, U.S. officials took steps suggesting that the United States would in fact weaken its implementation of those tools. The Trump Administration:

- Called for Russia’s readmission into the group that coordinates Russia sanctions;
- Insisted on weakening the G7’s position on Russia sanctions;
- Refused to say Russia started the war and failed to join partners in imposing sanctions on the war’s anniversary;
- Disbanded a key initiative against Russian oligarchs;
- Publicly undermined Europe’s sanctions on a Russian bank;
- Rejected a G7 proposal to help crack down on opaque Russian oil exports; and
- Publicly stated that sanctions on Russia are too costly to implement.

Called for Russia’s readmission into the group that coordinates Russia sanctions. In early February, President Trump said that Russia should be readmitted to the G7, the group of democracies that have coordinated unprecedented sanctions and export controls following Russia’s full-scale war.²¹ He argued that it was a “mistake” to suspend Russia because refraining

¹⁸ Truth Social Post by President Donald J. Trump, @realDonaldTrump, April 24, 2025, <https://truthsocial.com/@realDonaldTrump/posts/114392923237368367>.

¹⁹ Associated Press, “Swarms of Russian drones attack Ukraine nightly as Moscow puts new emphasis on the deadly weapon,” July 22, 2025, <https://apnews.com/article/russia-ukraine-war-drones-putin-attacks-0a06736dea37114aa0f351d21746912b>.

²⁰ New York Times, “Lack of New U.S. Sanctions Allows Restricted Goods and Funds Into Russia,” Aaron Krolik, July 2, 2025, <https://www.nytimes.com/2025/07/02/us/politics/trump-russia-sanctions.html>.

²¹ Politico, “Russia should rejoin G7, Trump says,” Seb Starcevic, February 13, 2025, <https://www.politico.com/news/2025/02/13/trump-russia-rejoin-g7-00204169>.

from doing so could have prevented war²²—even though Russia had been suspended for starting its invasion of Ukraine in 2014. The President would repeat his call to readmit Russia at the G7 Leaders’ summit in June.²³

Insisted on weakening the G7’s position on Russia sanctions. On February 15, the Trump Administration negotiated language into a G7 Foreign Ministers’ statement that departed sharply from past warnings to Russia. Prior G7 Leaders’ and G7 Foreign Ministers’ statements since 2022 had communicated clearly that member countries would continue building on sanctions and other measures to restrict the revenue, goods, and technology that Russia uses to fund and conduct its war. The February 15 statement, however, indicated a pause on new actions. It stated that “[a]ny new, additional sanctions after February should be linked to whether the Russian Federation enters into real, good-faith efforts to bring an enduring end to the war.”²⁴ News headlines implied that the United States would not impose sanctions—including on would-be evaders in the PRC and other third countries—if talks were underway.²⁵ The change signaled to those foreign companies that it is open season for circumventing U.S. sanctions and export controls without risk of being designated. Then, it was publicly reported that G7 leaders were “unable to publish a joint statement to mark the third anniversary of Russia’s full-scale invasion of Ukraine—something they’d done the previous two years—after the US opposed strong condemnation of Russia.”²⁶ In the past, these G7 Leaders’ statements had detailed the group’s priorities for sanctions and export controls going forward.

Refused to say Russia started the war and failed to join partners in imposing sanctions on the war’s anniversary. Particularly egregious were the Trump Administration’s actions and omissions around the third anniversary of Russia’s full-scale war in late February. Aside from its aforementioned failure to join allies in imposing new sanctions on that date—for comparison, the United States had imposed more than 500 sanctions on this occasion a year prior²⁷—the Trump Administration undermined the very purpose of sanctions and export controls through its actions and statements in February 2025. The United States opposed a United Nations General Assembly resolution calling for an end to Russia’s war and supporting Ukraine’s territorial integrity. “Notably, the United States voted against it, alongside the Russian Federation, marking an

²² *Id.*

²³ The Guardian, “Donald Trump repeats call for Russia to be readmitted at G7 summit in Canada,” Patrick Wintour, June 16, 2025, <https://www.theguardian.com/world/2025/jun/16/donald-trump-repeats-call-for-russia-to-be-readmitted-at-g7-summit-in-canada>.

²⁴ U.S. Department of State, “G7 Foreign Ministers’ Statement on the Margins of the Munich Security Conference,” February 15, 2025, <https://www.state.gov/g7-foreign-ministers-statement-on-the-margins-of-the-munich-securityconference/>.

²⁵ Reuters, “G7 ministers link future Russia sanctions to good faith talks,” February 15, 2025, <https://www.reuters.com/world/g7-ministers-link-future-russia-sanctions-good-faith-talks-2025-02-15/>.

²⁶ Bloomberg, “US Vetoes G-7 Shadow Fleet Task Force Plan, Signals More Change,” Donato Paolo Mancini, Samy Adghirni, and Laura Dhillon Kane, March 8, 2025, <https://www.bloomberg.com/news/articles/2025-03-08/us-vetoes-g-7-shadow-fleet-task-force-plan-signals-more-change>.

²⁷ U.S. Department of the Treasury, “On Second Anniversary of Russia’s Further Invasion of Ukraine and Following the Death of Aleksey Navalny, Treasury Sanctions Hundreds of Targets in Russia and Globally,” press release, February 23, 2024, <https://home.treasury.gov/news/press-releases/jy2117>.

apparent shift of its position,” according to the United Nations press release.²⁸ Then, the Trump Administration drafted and voted for a resolution at the United Nations Security Council that called for an end to the conflict but omitted any criticism of Russia.²⁹

Disbanded a key initiative against Russian oligarchs. The Administration also announced in February that it would disband Task Force KleptoCapture, a special unit at the Department of Justice that had “restrained, seized, and obtained judgments to forfeit nearly \$700 million in assets from Russian enablers and charged more than 70 individuals for violating international sanctions and export controls levied against Russia.”³⁰ Press coverage noted that the task force’s “demise was portentous—it indicated the administration’s unwillingness to fight the financial systems that not only allow Kremlin allies to disguise their wealth but also enable international drug cartels to operate with impunity, corrupt officials to launder money from bribes into luxury real estate and the ultrawealthy to avoid paying taxes.”³¹

Publicly undermined Europe’s sanctions on a Russian bank. On March 25, the White House handed the Kremlin a propaganda victory by publicly agreeing to “help restore Russia’s access to the world market for agricultural and fertilizer exports, lower maritime insurance costs, and enhance access to ports and payment systems for such transactions.”³² In fact, Russian grain and fertilizer exports reached record levels during the conflict with Ukraine.³³ Meanwhile, Russia’s war spiked global food and energy prices, even as U.S. sanctions do not target Russian agriculture and only partial energy restrictions have been applied over time. Russia blockaded Ukrainian ports and then attacked Ukrainian grain terminals and warehouses. If anything, Russia limited its own grain exports using quotas. The Trump Administration’s agreement with Russia reportedly included a commitment to restore access to the SWIFT network for Russian Agricultural Bank, an action only the European Union can take since its sanctions prohibit the bank’s access. Experts argue that this demand has little to do with facilitating agricultural exports and more to do with Russia’s financial challenges and its desire to present itself as a defender of global food security.³⁴ Since 2022, the United States had regularly highlighted the disruptions Russia’s war had caused for food and energy markets so that other countries would help push for an end to the war. The

²⁸ United Nations, “At Three-Year Mark of Russian Federation’s Invasion, General Assembly Upholds Ukraine’s Territorial Integrity, Adopting Two Resolutions,” press release, February 24, 2025, <https://press.un.org/en/2025/ga12675.doc.htm>.

²⁹ BBC News, “US sides with Russia in UN resolutions on Ukraine,” James Landale and Patrick Jackson, February 25, 2025, <https://www.bbc.com/news/articles/c7435pnle0go>.

³⁰ Radio Free Europe/Radio Liberty, “From Oligarchs To Cartels: The U.S. Reshapes Global Law Enforcement,” Ray Furlong, February 7, 2025, <https://www.rferl.org/a/u-s-attorney-general-pam-bondi-kleptocapture-russian-oligarchs/33306710.html>.

³¹ New York Times Magazine, “How to Hide a 350-Foot Megayacht,” Alex Dziadosz, May 27, 2025, <https://www.nytimes.com/2025/05/27/magazine/trump-offshore-money-russia-oligarchs.html>.

³² The White House, “Outcomes of the United States and Russia Expert Groups On the Black Sea,” March 25, 2025, <https://www.whitehouse.gov/briefings-statements/2025/03/outcomes-of-the-united-states-and-russia-expert-groups-on-the-black-sea/>.

³³ Reuters, “Black Sea deal unlikely to boost Russian food exports in short-term,” Gleb Bryanski, March 26, 2025, <https://www.reuters.com/markets/commodities/black-sea-deal-unlikely-boost-russian-food-exports-short-term-2025-03-26/>.

³⁴ Novaya Gazeta Europe, “Laughing all the way to the bank,” Denis Morokhin, April 2, 2025, <https://novayagazeta.eu/articles/2025/04/02/laughing-all-the-way-to-the-bank-en>.

Trump Administration instead decided to validate Russia's claims and to push European partners to weaken sanctions.

Rejected a G7 proposal to help crack down on opaque Russian oil exports. The Administration signaled it would not act against vessels that help Russia generate oil revenue. In March, the United States reportedly rejected a Canadian proposal to establish a G7-wide "shadow fleet" task force to monitor sanctions breaches. Bloomberg stated that the United States was "watering down wording on Russia," including by removing the mention of "sanctions" or Russia's "ability to maintain its war."³⁵

Publicly stated that sanctions on Russia are too costly to implement. In June, President Trump spoke openly about his hesitation to apply sanctions with respect to Russia—even as he has repeatedly approved oil sanctions against Iran—because "sanctions cost us a lot of money... You're talking about billions and billions of dollars. Sanctions are not that easy."³⁶ Publicly advertising this reluctance was another signal to entities and individuals around the world that the risks of doing business with Russia's war machine have dropped. It is unclear how numerous sanctions on, for instance, evaders sending critical items to Russia would displace significant business for U.S. firms. President Trump's "billions and billions" comment is concerning because it appears to reflect the content of materials shared with American officials by Kirill Dmitriev, a sanctioned Russian official who is Putin's special representative for investment and economic cooperation.³⁷ The Trump Administration then hosted the sanctioned Russian official at the White House in April, knowing that "Dmitriev's message, tailored to Mr. Trump's pecuniary mind-set, has been that the United States stands to profit from closer ties with Russia."³⁸

Taken together, one expert notes, the Trump Administration's actions "signal that the United States is now more willing to tolerate Russia's war and less interested in cracking down."³⁹ Apparently no longer constrained by sanctions risk, high-ranking Russian officials now "publicly describe in detail the methods used by Russian firms for international payments. Such methods are rarely discussed in public."⁴⁰

³⁵ Bloomberg, "US Vetoes G-7 Shadow Fleet Task Force Plan, Signals More Change," Donato Paolo Mancini, Samy Adghirni, and Laura Dhillon Kane, March 8, 2025, <https://www.bloomberg.com/news/articles/2025-03-08/us-vetoes-g-7-shadow-fleet-task-force-plan-signals-more-change>.

³⁶ Politico, "Trump hints at no more US sanctions on Russia at G7 summit," Stefan Boscia, June 16, 2025, <https://www.politico.eu/article/donald-trump-us-sanctions-russia-g7-summit-keir-starmer-vladimir-putin/>.

³⁷ New York Times, "Kremlin Message to Trump: There's Money to Be Made in Russia," Anton Troianovsky, February 19, 2025, <https://www.nytimes.com/2025/02/19/world/europe/trump-russia-ukraine-putin-trump.html>.

³⁸ New York Times, "Top Trump Aide Hosts White House Meeting With Kremlin Envoy," Anton Troianovsky and Edward Wong, April 3, 2025, <https://www.nytimes.com/2025/04/03/world/europe/russia-envoy-us-visit-trump-dmitriev.html>.

³⁹ New York Times, "Lack of New U.S. Sanctions Allows Restricted Goods and Funds Into Russia," Aaron Krolik, July 2, 2025, <https://www.nytimes.com/2025/07/02/us/politics/trump-russia-sanctions.html>.

⁴⁰ Reuters, "Russian firms use netting, gold and crypto in transborder payments, watchdog chief tells Putin," Elena Fabrichnaya and Gleb Bryanski, July 8, 2025, <https://www.reuters.com/business/finance/russian-firms-use-netting-gold-crypto-transborder-payments-watchdog-chief-tells-2025-07-08/>.

Finding 3: The Trump Administration has failed to capitalize on an opening to drive down Russian oil revenue.

Before taking office, senior Trump Administration officials had forcefully argued that the Biden Administration should have enacted stronger restrictions on Russian oil exports, a major Kremlin revenue source. Yet, more than half a year into the President's term, the new Administration has failed to ramp up sanctions against Russian oil targets—even as experts point out, and U.S. actions in January demonstrated, that there is now greater scope for sanctions to drive down Russian revenue with limited adverse consequences for global or U.S. energy prices.

President Trump's first national security adviser, Michael Waltz, argued in November 2024 that, "first and foremost, you would enforce the actual energy sanctions on Russia. Russia is essentially a gas station with nukes."⁴¹ He said that more action on oil would "get Putin to the table."⁴² The Secretary of the Treasury, Scott Bessent, argued during his confirmation hearing on January 16 that President Biden hadn't been "muscular" enough on sanctioning Russian oil.⁴³ In addition, Secretary of State Marco Rubio had previously introduced legislation in the Senate to impose mandatory sanctions on those involved in the shipping of Russian oil or liquefied natural gas to China, a top buyer of Russian energy.⁴⁴

President Trump appears to have overruled these officials for six months even though market conditions had created new opportunity for action, and even though Russia is particularly vulnerable this year to oil revenue losses.

In 2022, the United States joined G7 partners in implementing a price cap policy on Russian oil to limit the Kremlin's revenue while avoiding cuts to global oil supply that would have caused hardship for consumers and businesses around the world. By contrast, oil analysts "are worried today more about oversupply than shortage, as oil production rises and demand slows globally."⁴⁵ The International Energy Agency continues to forecast low growth in world oil demand and, at the same time, global supply increases over 2025 and 2026.⁴⁶

⁴¹ NPR, "What would foreign policy look like under a second Donald Trump term?" Steve Inskeep, interview transcript, November 4, 2024, <https://www.npr.org/2024/11/04/nx-s1-5173551/what-would-foreign-policy-look-like-under-a-second-donald-trump-term>.

⁴² *Id.*

⁴³ Associated Press, "Trump's Cabinet members have already backtracked on some promises made before being confirmed," Meg Kinnard, February 24, 2025, <https://apnews.com/article/trump-cabinet-promises-patel-kennedy-bessent-rollins-b86a6dd08ab08f4b54e1a4d18fce11be>.

⁴⁴ Countering Communist China's Financing of Russia's War on Ukraine Act, S. 4620, 117th Congress, <https://www.congress.gov/bill/117th-congress/senate-bill/4620/text>.

⁴⁵ Wall Street Journal, "Oil Sanctions Would Hit Russia Harder Now Than in 2022," Eric Van Nostrand, May 14, 2025, <https://www.wsj.com/opinion/oil-sanctions-would-hit-russia-harder-now-than-in-2022-war-ukraine-6030cbc9>.

⁴⁶ International Energy Agency, "Oil Market Report," July 2025, <https://www.iea.org/reports/oil-market-report-july-2025>.

The market reaction to a long-awaited strengthening of U.S. oil sanctions on January 10 demonstrated that more aggressive action is now possible. Going beyond the price cap framework, Treasury took actions that put downward pressure on Russian oil export volumes. It sanctioned two Russian oil majors, more than 180 vessels that had carried Russian oil, dozens of oil traders, oilfield service providers, insurance companies, and energy officials.⁴⁷ The State Department concurrently applied additional sanctions on Russian energy targets.⁴⁸ Weeks later, experts called for “more sanctions on Russian oil tankers,” pointing out that “[g]lobal oil prices have barely risen since this latest raft of sanctions was announced.”⁴⁹

Experts encouraged the Trump Administration to act not only because actions in January 2025 seemed to be effective, but also because Russian officials may be especially concerned about low oil revenues this year. According to a former Russian central bank official, “[f]alling oil prices and tightening of the sanctions regime would be more keenly felt in the current situation... The risks are high.”⁵⁰ Another expert recommended in congressional testimony that it is time to “remove Russian oil from the market in a manner that raises costs for Russia, without granting China the benefit of cheaper energy.”⁵¹ Analysts as well as Russia’s economic minister have also indicated that the Russian war economy is facing mounting pressure this year.⁵²

The Trump Administration has nevertheless failed to take advantage of this moment, leaving the European Union and the United Kingdom to forge ahead with more forward-leaning actions against Russian oil. Notably, among a range of other new measures in July, these two partners announced that they will lower their price caps on Russian oil without the United States.⁵³

Experts have shown that allies cannot fully substitute for U.S. sanctions on Russian oil. For instance, data analysis suggests that United States sanctions on “shadow fleet” vessels have been more effective to date in reducing the volumes of Russian oil that targeted ships carry.⁵⁴ Still, our partners’ sanctions on vessels appear to be pushing more Russian oil transport activity back into G7 services covered by the price cap policy, meaning that “now is an ideal time” to sanction

⁴⁷ U.S. Department of the Treasury, “Treasury Intensifies Sanctions Against Russia by Targeting Russia’s Oil Production and Exports,” press release, January 10, 2025, <https://home.treasury.gov/news/press-releases/jy2777>.

⁴⁸ U.S. Department of State, “Sanctions to Degrade Russia’s Energy Sector,” fact sheet, January 10, 2025, <https://2021-2025.state.gov/office-of-the-spokesperson/releases/2025/01/sanctions-to-degrade-russias-energy-sector/>.

⁴⁹ Brookings Institution, “More sanctions on Russian oil tankers,” Robin Brooks and Ben Harris, January 30, 2025, <https://www.brookings.edu/articles/more-sanctions-on-russian-oil-tankers/>.

⁵⁰ Wall Street Journal, “The Warning Signs for Russia’s Economy Are Flashing Red,” Georgi Kantchev, July 4, 2025, <https://www.wsj.com/world/russia/the-warning-signs-for-russias-economy-are-flashing-red-ff1658bd>.

⁵¹ Written testimony of Elina Ribakova to the U.S.-China Economic and Security Review Commission, February 20, 2025, https://www.uscc.gov/sites/default/files/2025-02/Elina_Ribakova_Testimony.pdf.

⁵² Associated Press, “Russia’s economy minister says the country is on ‘the brink of recession,’” June 19, 2025, <https://apnews.com/article/russia-economy-recession-ukraine-conflict-9d105fd1ac8c28908839b01f7d300ebd>.

⁵³ Foreign, Commonwealth and Development Office and HM Treasury, “UK tightens Oil Price Cap in blow to Putin’s war machine,” press release, July 18, 2025, <https://www.gov.uk/government/news/uk-tightens-oil-price-cap-in-blow-to-putins-war-machine>.

⁵⁴ Brookings Institution, “Increase pressure or silently acquiesce,” Robin Brooks, Ben Harris, and Liam Marshall, June 5, 2025, <https://www.brookings.edu/articles/increase-pressure-or-silently-acquiesce/>.

additional ships like those already targeted by the European Union and the United Kingdom for carrying Russian oil.⁵⁵

The Administration has sanctioned vessels under its Iran sanctions program, noting that some of those vessels have also carried Russian oil,⁵⁶ while refusing to use Russia sanctions authorities or state that these actions are in response to the Kremlin's war. These Iran-focused listings will likely have some impact Russian oil exports, but the Administration's reluctance to use Russia-focused sanctions has consequences. It signals to market actors that dealing in Russian oil acceptable so long as there is no Iran nexus. It means that vessel targets have been prioritized for impact based on volumes of Iranian oil rather than Russian oil. And, like many of the actions described above, reticence to target Russia directly signals to Putin a lack of U.S. resolve to raise the costs of his war.

We note that President Trump has extensive authority to take advantage of new market conditions and new Russian vulnerability. The United States can sanction additional Russian oil majors, their subsidiaries, oil traders, and service providers. The Administration could also begin sanctioning a broader range of persons who purchase or help import Russian oil. And the United States can follow our G7 partners in reducing the U.S. price caps on Russian crude oil and refined products.

Finding 4: Across agencies, Trump Administration decisions have caused concerning strain in staffing to support Russia sanctions and export controls.

The Administration has imperiled U.S. capability to maintain or expand sanctions and export controls by undermining staffing across the Departments of the Treasury, State, Commerce, and Justice, as well as the NSC.

Treasury Department staff serve several key roles on Russia sanctions, including targeting, developing new measures, enforcement, coordination with foreign partners, and tracking illicit schemes. Yet Treasury's national security arm, the Office of Terrorism and Financial Intelligence, has been unable to keep pace with the attrition caused by numerous staff departures. This is due in part to the Trump Administration's hiring freeze that, at least on paper, was supposed to include mandatory exemptions for national security employees.⁵⁷ Russia- and Europe-focused

⁵⁵ Russia Matters, "Secondary Tariffs or Tighter Sanctions? Strategies to End Russia's War in Ukraine," Robin Brooks and Ben Harris, July 25, 2025, <https://www.russiamatters.org/analysis/secondary-tariffs-or-tighter-sanctions-strategies-end-russias-war-ukraine>.

⁵⁶ U.S. Department of the Treasury, "Treasury Takes Massive Action Against High-Profile Iranian Network," press release, July 30, 2025, <https://home.treasury.gov/news/press-releases/sb0215>.

⁵⁷ Senate Committee on Banking, Housing, and Urban Affairs minority, "Warren, Warner, Kim Reveal that After Trump Hiring Freeze, Treasury Has Halted Hiring and Rescinded Job Offers of National Security Officials in the Office of Terrorism and Financial Intelligence," March 10, 2025, <https://www.banking.senate.gov/newsroom/minority/warren-warner-kim-reveal-that-after-trump-hiring-freeze-treasury-has-halted-hiring-and-rescinded-job-offers-of-national-security-officials-in-the-office-of-terrorism-and-financial-intelligence>.

teams have been particularly vulnerable to losing staff. Committee staff have received reports that employees are being reassigned internally to work on other areas because the Trump Administration has deprioritized Russia sanctions and cross-G7 coordination to make sanctions effective. In addition, the Administration's broader policy choices have made it more difficult for mission-driven staff to stay in these positions. Staff committed to Treasury's mission of protecting the integrity of the U.S. financial system have watched the Trump Administration repeatedly roll back efforts to close illicit finance vulnerabilities that Russia and other adversaries have exploited,⁵⁸ and they have seen the Administration repeatedly signal that financial crimes are not crimes worth prosecuting.⁵⁹ Staff who had worked alongside European partners to protect our shared security interests now see that political leaders in the Trump Administration have turned sharply against those partners.⁶⁰

The Trump Administration's wide-ranging staffing cuts at the State Department also undermine Russia sanctions targeting and U.S. diplomatic efforts to degrade Russia's war machine. All but two employees in the Office of Sanctions Coordination have been pushed out of the State Department, and the remaining staff have been moved into the Bureau of Economic and Business Affairs. There is currently no active Sanctions Coordinator at the State Department to lead diplomacy with allies and evasion hubs, and the Trump Administration has not nominated anyone to fill the role, despite it being mandated by statute. Press reports indicate that significant reductions in force will impact the Bureau of Economic and Business Affairs, which houses sanctions targeting teams; the Bureau of Energy Resources, specializing in Russian oil and natural gas exports; and the Bureau of International Security and Nonproliferation, which helps disrupt Russian procurement.⁶¹

At the Department of Commerce, the Bureau of Industry and Security administers export controls and enforces violations. Yet, after personnel departures this year, Committee staff understand that the number of employees now working on Russia issues is concerning low.

At the Department of Justice, aside from disbanding Task Force KleptoCapture as discussed above, the Administration has disbanded the Corporate Enforcement Unit at the National Security

⁵⁸ See, e.g., Transparency International, "Treasury's Narrowed Enforcement of Corporate Transparency Act Risks Making U.S. a Magnet for Dirty Money," press release, March 4, 2025, <https://us.transparency.org/news/treasurys-narrowed-enforcement-of-corporate-transparency-act-risks-making-u-s-a-magnet-for-dirty-money/>; FACT Coalition, "Treasury Exposes U.S. to Increased Risks of Dirty Money By Delaying, Reopening Private Investment Anti-Money Laundering Rule," press release, July 21, 2025, <https://thefactcoalition.org/private-investment-aml-rule-delay-rescope/>.

⁵⁹ See, e.g., New York Times, "Trump's Flurry of Pardons Signals a Wholesale Effort to Redefine Crime," Glenn Thrush, May 29, 2025, <https://www.nytimes.com/2025/05/29/us/politics/trumps-pardons-redefine-crime.html>; Letter from Senators Hirono, Warren, Durbin, Whitehouse, Coons, and Blumenthal to Deputy Attorney General Todd Blanche, April 10, 2025, https://www.hirono.senate.gov/imo/media/doc/letter_to_dag_re_cryptocurrency_enforcement.pdf.

⁶⁰ See, e.g., Axios, "Vance's anti-Europe obsession runs deep in texting debacle," Alex Thompson and Barak Ravid, March 26, 2025, <https://www.axios.com/2025/03/26/vance-anti-europe-obsession>; Politico, "Rubio targets foreign nationals who he alleges police Americans' social media posts," Amanda Friedman, Anthony Adragna, and Nahal Toosi, May 28, 2025, <https://www.politico.com/news/2025/05/28/marco-rubio-social-media-europe-00372280>.

⁶¹ Federal News Network, "These are the State Department offices hit hardest by widespread layoffs," Jory Heckman, July 25, 2025, <https://federalnewsnetwork.com/workforce/2025/07/these-are-the-state-department-offices-hit-hardest-by-widespread-layoffs/>.

Division,⁶² a unit that had been established to investigate and prosecute sanctions and export control violations.

Finally, at the NSC, removals as of June have reportedly “left few high-ranking people on the Russia file, complicating the prospects for any robust inter-agency debate on the topic.”⁶³ The Trump Administration reportedly disbanded a working group focused on pressuring Russia to facilitate peace talks, including on finding ways to pressure foreign countries to limit the flow of goods and energy into and out of Russia; oddly, the Administration had not formed a working group on this critical topic until March or April, when “some close Trump advisers were growing increasingly skeptical of the Kremlin’s willingness to reach a deal.”⁶⁴ Reuters quoted an official stating that the group “lost steam toward the end because the president wasn’t there. Instead of doing more, maybe he wanted to do less.”⁶⁵

Conclusion

President Trump entered office having stated at least 53 times that he would end Russia’s war on Ukraine within 24 hours of being sworn in.⁶⁶ By June, he was resigned to stating that perhaps he would be “better off letting them fight more”⁶⁷—apparently giving up on this foreign policy priority without having implemented even a single round of sanctions against the aggressor to help bring them to the table.

As of this writing, the President has again pivoted to threatening Russia with secondary tariffs and sanctions, after granting Russia an additional period of impunity tied to a shifting deadline. Meanwhile, we are approaching seven months without any new U.S. sanctions or export control actions against Russia.

However, it is not too late for the Administration to change Putin’s perception that he can wait out the United States while sanctions costs dissipate over time. Because President Trump has so thoroughly abandoned the use of Russia sanctions and export controls in the first six months of his presidency, reengagement and sustained action alongside our G7 partners could meaningfully shift the Kremlin’s calculus about the need to negotiate.

⁶² U.S. Department of Justice, “General Policy Regarding Charging, Plea Negotiations, and Sentencing,” Attorney General Pamela Bondi, February 5, 2025, <https://www.justice.gov/ag/media/1388541/dl>.

⁶³ Reuters, “Exclusive: Trump administration disbands group focused on pressuring Russia, sources say,” Gram Slattery, June 17, 2025, <https://www.reuters.com/world/asia-pacific/trump-administration-disbands-group-focused-pressuring-russia-sources-say-2025-06-17/>.

⁶⁴ *Id.*

⁶⁵ *Id.*

⁶⁶ CNN, “Fact check: It wasn’t ‘in jest.’ Here are 53 times Trump said he’d end Ukraine war within 24 hours or before taking office,” Daniel Dale, April 25, 2025, <https://www.cnn.com/2025/04/25/politics/fact-check-trump-ukraine-war>.

⁶⁷ Axios, “Trump says he might let Russia and Ukraine fight it out a while longer,” Barak Ravid, June 5, 2025, <https://www.axios.com/2025/06/05/trump-russia-ukraine-fighting-school-children>.

As outlined in a letter to the White House on May 5, the Administration should pursue multiple lines of effort, deploying our economic tools to help Ukraine achieve a just peace.⁶⁸ The Trump Administration must restart regular sanctions designations, including against PRC entities and other third country targets that help Russia's war machine. It must strengthen sanctions on Russian energy to degrade the Kremlin's ability to pay for its ballooning defense budget; disrupt banking relationships and PRC-Russia payment mechanisms that help Russia undermine our measures; and stop facilitating Russia's attempts to regain banking connectivity under false pretenses. The Administration must stop weakening anti-money laundering rules and instead close illicit finance vulnerabilities. And it must stop publicly advertising the prospect of private sector reengagement with Russia while Russia is continuing to strike Ukraine and sanctions remain in place, along with significant money laundering, corruption, and rule of law risks.

More broadly, there is still time to exploit the sanctions leverage that the full G7 can bring to bear. The Administration should be marshaling a united front, making clear to Russia that our global coalition will only unlock access to our major economies and financial centers once we, including the European Union and its member states, see that Russia has committed credibly to a just peace that preserves Ukraine's sovereignty and territorial integrity, and its ability to defend itself. But aside from breaking with our G7 partners in refusing to identify Russia as an aggressor, the Trump Administration has reportedly offered broad sanctions relief, among other concessions, without directly involving partners that have also imposed unprecedented sanctions and export controls. This only benefits the Kremlin, which is eager to divide the United States and Europe. If the Administration wants to end this war soon, it should help remove Moscow's doubt that our sanctions and export controls coalition will stay together—by taking decisive, sustained action alongside our partners and allies.

⁶⁸ Letter from Senators Warren, Shaheen, Klobuchar, Kim, Coons, and Slotkin to Assistant to the President for National Security Affairs Marco Rubio, May 5, 2025, https://www.banking.senate.gov/imo/media/doc/letter_to_secretary_rubio_from_senators_on_russia_sanctions_djhmegv5rx4f.pdf.