

The U.S. Companies' Technology Fueling the Russian War Machine

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On July 8 of this year, as anyone who has been following Ukraine will recall, a Russian Kh-101 cruise missile hit Kyiv's largest children's hospital, slaughtering dozens of medical staff and children, brutally injuring many. That missile was made by Russia, but the technology in it was American. It could not function, nor could many of the weapons of slaughter manufactured by the Russians, without microchips and technology from the four companies represented here today—Analog Devices, AMD, Intel, and Texas Instruments.

Russian bombs, missiles, and drones supported by American technologies are literally killing Ukrainians, not just Ukrainian soldiers, but civilians, women, children, in their sleep, in hospitals, in schools, purposefully, relentlessly. Every day, millions of dollars are made by manufacturers and distributors from chips like the ones that run Kh-101 missile and other Russian weapons. These electronics are funneled through shadowy startups and shell companies in countries like Armenia, Turkey, Kazakhstan, and others. Every day, more malign, malicious companies are added to the list of bad actors. For example, just two weeks ago, Buy Best Electronic in Istanbul, a company with an alternative address listed in China and Iran, was placed on the prohibited entity list. The dollars flowing to these entities in nearby countries are many multiples of the prewar transactions. There is no mystery here. The number of dollars has multiplied astronomically. The four companies before us can ignore this escalating flow of electronics only through willful blindness.

Over my six visits to Ukraine, I've met amputees whose limbs were lost to weapons like the Kh-101 missile. I've spoken with families who have lost loved ones in their homes and at war. And repeatedly, I've heard from families and officials alike with pleas to do more to stop this flow of technology, to give them the tools they need to fight back and defend themselves. Again and again, from President Zelenskyy, whom I've seen on every one of those trips, from his military leaders, to soldiers, to everyday citizens, I've heard this plea to stop the flow of American technology that is enabling Russians to maim and kill Ukrainians.

During my last visit, I went from room to room to room to see dozens of Russian weapons taken from the battlefield and their inner parts, the chips and other electronic parts of those missiles, that enable them to target, to fly, to kill. Ukrainian officials also handed me reams of documents, which I will enter into the record without objection. When I say "reams," I mean several pounds. Each of these pages has multiple different examples of the inner "stuff" of these missiles. You've seen pictures of them, our witnesses have. The American people deserve to see them as well.

This is just a sample of what has been collected. Ukrainian officials, including President Zelenskyy, are aware of these sales by American companies through distributors to shell companies and shadowy startups.

Components from the Ukrainian military were found in Russian weapons taken from the battlefield. They're not pre-sale, they are after sale, after attack. And the vast majority were made by American companies—70% by American companies of everything taken from the battlefield, but, including the four companies sitting here today. Over 16% were made by Analog Devices, over 15% were made by Texas Instruments, over 5% were made by Intel, nearly 5% were made by AMD. These are the rough numbers.

This phenomenon is undeniable. Despite two years of savage, criminal aggression, and two years of sanctions, American technology is still fueling Russia's murderous war against Ukraine. The illicit flood of semiconductors into Russia is enabled by the knowing neglect or willful ignorance of American companies. It borders on intentional disregard. It's creating a system that is more of a sieve than a barrier.

A year ago, we began an inquiry to understand how United States technology continues to make its way into Russian munitions. We focused on the four American companies represented here today because their products are disproportionately found in Russian weapons. Our investigation is the first to highlight specific flaws in the compliance programs across this industry, and our conclusion applies to the industry, not just to these four companies. These manufacturers are objectively and consciously failing to prevent Russia from benefiting from the use of their technology.

The initial findings of our inquiry are detailed in a majority staff report released today. The Subcommittee's findings paint a stark picture of the flow of technology to countries neighboring Russia. They also demonstrate that these companies, all of which have the resources, funding, and knowledge to do more, are simply not doing enough. And, more specifically, we found continuing drastic increases in shipping of semiconductors to certain third-party countries, like Kazakhstan. Simply put, there is no explanation for these increases other than to aid Russia in circumventing our export controls.

We found companies' efforts to track the path of their chips into Russia to be slow, unhelpful, or nonexistent. We've found failures to perform basic steps, like conducting regular audits, that would go a long way to keep microchips out of Russian hands. We've found records showing that companies were aware of potential diversion of their chips into Russia, but only detected and blocked those sales after the federal government gave them the data that they could have easily

gotten themselves. Our findings reveal a distinct disinterest in evaluating and improving corporate compliance practices, and particularly in monitoring those distributors, the middlemen, the ones who may actually make the sales to companies that sell to Russia.

Our investigation shows that the excuses offered by companies to explain the presence of their products in Russia ring hollow. For example, these weapons cannot simply run on chips ripped out of microwaves or washing machines, but rather, need specialized components made by specific manufacturers. Additionally, these chips are not coming from stockpiles amassed before the war. Efforts to trace these weapons demonstrate that increasing quantities were manufactured after the invasion began.

I want to be clear to the companies who are here today and others who are out there, your products may be tiny, but your culpability is huge. In moral and perhaps legal terms, you bear deep responsibility. Our investigation is ongoing, and we're going to determine whether your failure to stop these products from reaching Russia stems from willful ignorance or perhaps something more.

Our inquiry has made it clear not only that these companies, but the entire semiconductor industry, is failing to do enough. Today's hearing really ought to be a wake-up call for the industry. Looking the other way when you know your products continue to empower Russian slaughter is not just morally dubious, it is against the law. We expect more from American companies.

We know from financial industry enforcement that robust, protective compliance can trace even the most interchangeable goods, like cash. We also know that the problem of U.S. technology in Russian weapons is just the tip of the iceberg. In February, we heard testimony from experts who told us that U.S. semiconductors are found increasingly in large amounts in North Korean and Iranian weapons. And we also know that China is attempting to use our technology to fuel advances in artificial intelligence to achieve its own military goals. Both the previous and the current administration have implemented export controls to attempt to stem China's technological advances using our technology. But American components are still reaching our adversaries and threatening our national security. None of these efforts will work if American companies fail to drastically upgrade their compliance.

Perhaps because of this investigation, we have seen a few positive results. Just last week, Analog Devices informed the Subcommittee that it now intends to expand its scrutiny of all its distributors' export controls annually and obtain an independent review of their compliance

program next year. In the last few days, AMD committed to audit its entire export compliance program next year.

Let me be blunt, these steps are not enough. They reflect at least a recognition of the problem and a sign of responsibility for it. There should be audits quarterly. There should be independent review regularly. While the companies that manufacture these products are the first line of defense, we will also continue to examine lapses and lags in federal enforcement. We believe that there is more to be done, and we plan to continue this inquiry to evaluate the entire sanctions regime.

For now, our hope is that American companies will step up. Ukraine's security and survival are critical to our own national security. A victorious Putin is an unacceptable threat to the United States. Two years ago, the United States and its allies stood strong in support of Ukraine and vowed to stop technology flows to Russia's war machine. Our system for halting that supply depends on you, the American companies, doing much more. I hope to hear what action you have planned.