

**Opening Statement of Ranking Member Ron Johnson**  
**Permanent Subcommittee on Investigations**  
**September 10, 2024**

*As submitted to the record:*

This past February, the Permanent Subcommittee on Investigations held an initial hearing on Russia's ability to obtain U.S.-produced electronic components, such as microchips and semiconductors, for its military equipment despite U.S. sanctions and export controls. I noted that, although U.S. producers of these components are not violating U.S. export controls, it appears that non-sanctioned countries—namely Armenia, Finland, Georgia, Kazakhstan, and Turkey—are legally importing the components from the U.S. and then either directly or indirectly exporting the semiconductors to end users in Russia.

The reality is that Russia's evasion of U.S. sanctions and export controls is not a reflection of U.S. companies failing to follow the law. Instead, it is one of many unintended consequences that have resulted from the Biden-Harris administration's ineffective design and implementation of sanctions and export controls. As I described in February, despite U.S. sanctions targeting Russia's crude oil exports, Russia has overcome those sanctions by selling crude oil to China and India.

I also previously mentioned that, without access to Western financial networks due to U.S. and European sanctions, Russia's dependence on the U.S. dollar has decreased, paving the way for China to fill the void and increase Russia's reliance on the Chinese yuan. With growing trade between China and Russia—which totaled to \$240 billion in 2023—the U.S. dollar's role as the world's primary reserve currency has weakened.<sup>1</sup> With our national debt exceeding \$35 trillion, this reality should concern us all.

Far from failing, Russia's economy has defied Western sanctions, growing at an estimated 3.6 percent in 2023 and is expected to grow 3.2 percent this year.<sup>2</sup> Russia's economic growth is directly linked to funding and equipping its war effort against Ukraine. Indeed, reports indicate that Russia produces three times more artillery munitions than the U.S. and Europe combined.<sup>3</sup> Whereas Western countries reportedly spend \$5,000 to \$6,000 to make a 155-millimeter artillery round, Russia can produce a comparable artillery shell for \$600.<sup>4</sup>

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<sup>1</sup> Laura He, China's Largest Oil Supplier in 2023 Was Russia, CNN (Jan. 22, 2024), <https://www.cnn.com/2024/01/22/business/china-top-oil-supplier-2023-russia-intlhnk/index.html#:~:text=Russia%20now%20accounts%20for%2019,its%20energy%20trade%20with%20Beijing>.

<sup>2</sup> WORLD ECONOMIC OUTLOOK UPDATE, JUL. 2024: THE GLOBAL ECONOMY IN A STICKY SPOT, INT'L MONETARY FUND 5 (Jul. 2024), <https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024>.

<sup>3</sup> Katie Bo Lillis, et al., Exclusive: Russia producing three times more artillery shells than US and Europe for Ukraine, CNN, Mar. 11, 2024, <https://edition.cnn.com/2024/03/10/politics/russia-artillery-shell-production-us-europe-ukraine/index.html>.

<sup>4</sup> Julian Barnes, et al., Russia Overcomes Sanctions to Expand Missile Production, Officials Say, N.Y. Times, Sept. 13, 2023, <https://www.nytimes.com/2023/09/13/us/politics/russia-sanctions-missile-production.html>.

U.S. sanctions and export controls have failed to cripple Russia's economy or deter Vladimir Putin from continuing to wage a bloody war against Ukraine. I fully support sanctions designed to deter and punish Russia's aggression, but we must be honest with ourselves by accurately assessing the extent to which the sanctions are accomplishing their goals or causing more harm to ourselves and our allies. Trying to pin the blame for the ineffectiveness of the current sanctions regime on U.S. manufacturers who are following the law is ignoring that point.