



**Report to Congress on
Provision of Pipe-Laying Vessels and Activities for Certain Russian
Energy Export Pipelines
Section 7503(a) of the National Defense Authorization Act for Fiscal
Year 2020 (P.L. 116-92), as amended by Section 1242 of the National
Defense Authorization Act for Fiscal Year 2021 (May 17, 2021)**

Period of the Report

This report covers the period February 17, 2021, to May 16, 2021.

Vessels

Consistent with section 7503(a)(1)(A) of PEESA, as amended, the Secretary of State, in consultation with the Secretary of the Treasury, has determined that the following vessels engaged in pipe-laying or pipe-laying activities at depths of 100 feet or more below sea level for the construction of the Nord Stream 2 pipeline project or the TurkStream pipeline project:

YURY TOPCHEV (IMO 9338230)
VLADISLAV STRIZHOV (IMO 9310018)
BALTIYSKIY ISSLEDOVATEL (IMO 9572020)
AKADEMIK CHERSKIY (IMO 8770261)

Foreign Persons

Consistent with section 7503(a)(1)(B) of PEESA, as amended, the Secretary of State, in consultation with the Secretary of the Treasury, has determined that the following foreign persons knowingly engaged in the activities specified under subsection (i) of 7503(a)(1)(B) during the relevant period:

LLC Koksokhimtrans

LLC Mortransservice

Federal State Budgetary Institution Marine Rescue Service

Samara Heat and Energy Property Fund (STIF)

Consistent with section 7503(a)(1)(B) of PEESA, as amended, the Secretary of State, in consultation with the Secretary of the Treasury, has determined that the following foreign persons knowingly engaged in the activities specified under subsection (ii) of 7503(a)(1)(B) during the relevant period:

Nord Stream 2 AG

Matthias Warnig

Consultations

The amendments made to PEESA by the FY 2021 NDAA require consultation with the Governments of Norway, Switzerland, the United Kingdom, and member countries of the EU before imposing any sanctions, and a description in the report of the nature of the consultations and any concerns raised by the specified governments.

Consultations with allies and partners have been ongoing and robust. The Department of State has consulted widely with foreign governments via demarches, regular engagement with high-level government representatives in European capitals, and meetings with diplomatic representatives of EU member States and other relevant European countries in Washington, D.C. In particular, State Department officials have conducted extensive outreach with high-level German officials and members of the German parliament.

The Department of State pre-notified the EU and its member states, plus Norway, Switzerland, the United Kingdom, and Ukraine regarding the February 19, 2021, imposition of sanctions pursuant to the Protecting Europe's Energy Security Act of 2019, as amended, on KVT-RUS and its vessel, the FORTUNA.

The pre-notification of sanctions action and subsequent consultations have elicited a range of responses. The German government remains fully committed to the Nord Stream 2 project, insisting it is both a necessary and commercial undertaking and rejecting U.S. sanctions as intervention in its internal affairs. The EU and many of its member states continue to oppose U.S. sanctions related to Nord Stream 2, viewing them as a violation of German and EU sovereignty. Ukraine and Central and Eastern European countries continue to strongly urge the United States to oppose the Nord Stream 2 project, though not all support sanctions on European entities or persons. During engagements and consultations, some countries cited concerns, as in the past, over the imposition of what is perceived as "extra-territoriality" of the sanctions actions and have publicly criticized such actions.

The Administration has continued consultations, including pre-notifying the Governments of Norway, Switzerland, the United Kingdom, and EU member states prior to the submission of this report.

Report to Congress: Waiver with Respect to Certain Persons Identified on the Protecting Europe's Energy Security Act (PEESA) Report

Pursuant to Section 7503(f) of the PEESA (Title LXXV of Public Law 116-92), as amended by section 1242 of the National Defense Authorization Act for Fiscal Year 2021, and the applicable delegations of authority, the Secretary of State has determined, following consultation with the Secretary of the Treasury, that it is important to the national interests of the United States to waive the application of sanctions under Sections 7503(a), 7503(b) and 7503(c) of PEESA with respect to Nord Stream 2 AG and Matthias Warnig, and to waive the application of sanctions under Sections 7503(a) and 7503(b) with respect to the corporate officers of Nord Stream 2 AG: Matthias Warnig, Paul Corcoran, Marco Casirati, Reinhard Ontyd, and Pavel Persidskii.

The Secretary based his determination on the following considerations:

- The application of sanctions under PEESA on Swiss-based Nord Stream 2 AG, German national Matthias Warnig, and corporate officers from other allied European countries would negatively impact U.S. relations with Germany, the EU, and other European allies and partners.
- Close cooperation with Germany, the EU, and other European allies and partners will also be critical to the success of U.S. efforts to control the COVID-19 pandemic; fight climate change; promote a sustainable economic recovery; defend our democracies against authoritarianism; counter malign behavior by Russia and China; and address other global challenges, such as Iran.
- The issuance of this waiver will also provide space for diplomatic engagement with Germany to address the risks a completed Nord Stream 2 pipeline would pose to Ukraine and European energy security.

WAIVER DETERMINATION

Acting under the authorities vested in me as Secretary of State under section 7503(f) of the Protecting Europe's Energy Security Act (Title LXXV of Public Law 116-92) (PEESA), as amended by section 1242 of the National Defense Authorization Act for Fiscal Year 2021, and Presidential Delegation dated February 21, 2020, I hereby determine that waiving the application of sanctions under sections 7503(a), 7503(b) and 7503(c) of PEESA with respect to Matthias Warnig is in the national interests of the United States.

MAY 19 2021

Date



Antony J. Blinken
Secretary of State

WAIVER DETERMINATION

Acting under the authorities vested in me as Secretary of State under section 7503(f) of the Protecting Europe's Energy Security Act (Title LXXV of Public Law 116-92) (PEESA), as amended by section 1242 of the National Defense Authorization Act for Fiscal Year 2021, and Presidential Delegation dated February 21, 2020, I hereby determine that waiving the application of sanctions under sections 7503(a), 7503(b) and 7503(c) of PEESA with respect to Nord Stream 2 AG is in the national interests of the United States.

MAY 19 2021

Date



Antony Blinken
Secretary of State

WAIVER DETERMINATION

Acting under the authorities vested in me as Secretary of State under section 7503(f) of the Protecting Europe's Energy Security Act (Title LXXV of Public Law 116-92) (PEESA), as amended by section 1242 of the National Defense Authorization Act for Fiscal Year 2021, and Presidential Delegation dated February 21, 2020, I hereby determine that waiving the application of sanctions under sections 7503(a) and 7503(b) of PEESA with respect to the following corporate officers of Nord Stream 2 AG is in the national interests of the United States: Matthias Warnig, Paul Corcoran, Marco Casirati, Reinhard Ontyd, Pavel Persidskii.

MAY 19 2021

Date



Antony Blinken
Secretary of State



United States Department of State

Washington, D.C. 20520

May 19, 2021

CONGRESSIONAL REPORT TRANSMITTAL LETTER

Please find enclosed the following report from the Department of State.

Department Report Number: 004383

Report Title: Report to Congress and Waiver with Respect to Certain Persons Identified on the PEESA Report

Legislation: Section 7503(a) of the National Defense Authorization Act for Fiscal Year 2020 (P.L. 116-92)

Recipients:

House Foreign Affairs Committee

Senate Foreign Relations Committee

House Committee on Financial Services

Senate Committee on Banking, Housing, and Urban Affairs

Sincerely,

A handwritten signature in black ink that reads "Naz Durakoglu". The signature is fluid and cursive.

Naz Durakoglu
Acting Assistant Secretary of State
Bureau of Legislative Affairs

Enclosure:

As stated.