

U.S. DEPARTMENT OF THE TREASURY

Press Center



Remarks of Secretary Lew at CSIS

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As prepared for delivery

WASHINGTON - Thank you, John, for that kind introduction, and I want to thank the Center for Strategic and International Studies for hosting this event. For decades, CSIS has done tremendous work to shape national security policy, and it is great to be here today with so many people who have dedicated themselves to tackling our strategic challenges.

I also want to thank the men and women who have made Treasury's Office of Terrorism and Financial Intelligence—TFI—the indispensable institution that it is today. In particular, I want to thank Under Secretary David Cohen and his predecessor, Stuart Levey, for their vision and hard work. I also want to recognize members of TFI's leadership team—Danny Glaser, Leslie Ireland, Adam Szubin, Jennifer Shasky-Calvary, and Eric Hampl—for their outstanding service to our nation. And I want to express my appreciation to the over 700 dedicated civil servants who are the backbone of TFI.

We meet today almost 13 years since the deadliest attack on American soil took place—one that killed nearly 3,000 lives and shook our nation to its core.

Everyone here remembers September 11th, a horrific attack that unfolded quickly and slowly all at once. First, in New York, then Washington, and finally Pennsylvania.

It was a tragedy unlike any other, catching us by surprise and shattering a sense of security that we, as Americans, had come to feel. Working and living in New York, I watched that day as the twin towers fell, and so many lives were changed forever.

This was a turning point for our nation.

It transformed ordinary people into heroes, drew young patriots to the battlefield, and lifted the veil on the real danger posed by violent extremists who were not only well-organized, but well-funded.

In the wake of the attacks, our government shifted its approach to national security coordination and use of all tools.

As part of that change, there was a new focus on the importance of disrupting the finances and funding networks that fueled terrorist organizations. This led to the creation of TFI 10 years ago. It was the first office of its type in the world. Up until then, counterterrorism had largely been a matter for the military, diplomatic, and law enforcement communities.

Until then, neither finance officials, much less entire finance ministries devoted much of their time to tackling this threat.

Yet the talented team put in place at Treasury designed and implemented an innovative and effective strategy to combat terrorism by attacking the financial foundations of terrorist organizations.

And without a doubt, their accomplishments have made our country, and our world, safer.

Since TFI's founding, as TFI's efforts expanded beyond counterterrorism, the Treasury Department role within our national security apparatus changed dramatically.

Today, because of the professionals, experts and leaders at TFI, Treasury provides analysis that is vital to the entire intelligence and policymaking establishment. We develop and implement policies to combat money laundering and other financial crimes. We work with foreign governments, global financial institutions, and businesses around the world to strengthen the integrity of the international financial system and increase transparency. And we design, implement, and enforce sanctions programs to thwart terrorist networks, drug traffickers, organized criminal groups, and WMD proliferators.

To be clear, this new financial front is not a new version of a trade blockade or embargo, it is an altogether new approach, targeting the financing—the cash—in order to block the funds of illicit actors and impact the political calculus of state actors.

Over the years, the use of TFI's tools has proven to be a decidedly bipartisan effort, vigorously supported by both a Republican and a Democratic president, and members of Congress from both sides of the aisle.

Over the last decade, the United States has spent more than a trillion dollars on military combat efforts. This helped swell our deficits and shrink our ability to tackle problems at home and abroad.

But TFI has opened up a new battlefield for the United States, one that enables us to go after those who wish us harm without putting our troops in harm's way or using lethal force. And this administration has been particularly creative and innovative in using this approach—both because of the changing international landscape and our determination to use all the tools at our disposal to advance our strategic interests.

At the same time, these actions have consequences. These new financial weapons are targeted in a way that broad-based economic embargoes never were, and we have become proficient at reducing collateral damage.

Our goal, as it should be when using any powerful weapon, is to have the desired impact while doing our best to limit collateral consequences. Nevertheless, we need to be prepared to take tough action when necessary, as it is better to avoid military options if we have economic and diplomatic tools that work. But we cannot escape the fact that when we deploy these methods, there will be those who will unintentionally pay a price.

As America lives up to its unique responsibility to lead, we must use a wide array of tools at our disposal to promote stability, peace, and freedom around the globe. That includes the entire TFI arsenal—gathering intelligence, engaging in diplomacy, mobilizing allies and partners, increasing financial transparency, creating systemic safeguards to make the financial system more resistant to illicit money, and imposing sanctions.

With sanctions, both actions taken and the credible threat of action are powerful tools. The mere possibility or anticipation of sanctions has real economic consequences as investors take notice and businesses are disrupted. And when we act, governments, businesses, banks, and financial institutions around the world

often comply even when they may not be legally obligated to.

The fact is, TFI's expertise, authorities, and relationships are now fundamental to combating national security threats and advancing our foreign policy objectives. In a world where economies are more connected than ever before, where technology is innovating and expanding at a rapid speed, where small bands of extremists can do serious damage, and where powerful alternatives to military action are a necessity, TFI has expanded the strategic options available to all future presidents and made our national security responses more effective.

You can see this in a whole host of arenas. Let me highlight just three.

First, over the last decade TFI has been actively at work disrupting and degrading some of the most significant terrorist threats to our country, consistently blocking assets of terrorist groups and exposing their activities.

It is no exaggeration to say that right now terrorist networks struggle to obtain funds because of TFI's counter-terrorist financing activities. Today, it is harder than ever to hide and move illicit money. And there are harsh consequences for financial institutions and other facilitators that help fund terrorism, including those that attempt to do so from within our own borders.

Just think, at the time of the September 11th attacks, al Qaeda was relying on both a web of wealthy supporters who essentially operated out in the open and a formal financial system that let money for terrorists move around fairly easily. That is no longer possible today.

President Obama said last week, "For the foreseeable future, the most direct threat to America at home and abroad remains terrorism."

With TFI, Treasury continues to confront and combat that threat each and every day.

In fact, last year alone, TFI designated 87 individuals and entities under our terrorism sanctions program. This cut them off from the U.S. financial system, and publicly exposed their illicit activities on behalf of terrorist organizations, such as al Qaeda in the Arabian Peninsula and the Haqqani Network.

Now, in conjunction with TFI's counterterrorism strategy, we have aggressively targeted foreign drug traffickers, weakening the cartels by exposing their activities and depriving their leaders of their ill-gotten profits.

Overall, Treasury has imposed sanctions on more than 1,500 foreign drug traffickers and related individuals and entities under the Kingpin Act. These designations not only disrupt the financial life of those targeted, they also help unlock valuable intelligence as panicked drug traffickers scramble to recover after being added to our list.

Second, regarding Iran, TFI helped put in place the toughest, most comprehensive sanctions regime in history. Iran found itself under the greatest sanction induced economic and financial pressure any country has ever experienced.

TFI led this effort by conducting intelligence analysis, taking action to cut Iran off from the international financial sector, and holding violators accountable.

Equally as important, TFI made this a multi-agency and multilateral enterprise. Our leaders and officials not only worked with Congress and departments across the federal government, they helped build a vast international coalition with partners from Europe to China.

Today, TFI enforces a sophisticated regime of sanctions on Iran that incorporates 10 statutes, 26 Executive Orders, and 4 United Nations Security Council resolutions.

This program was put in place to persuade Iran to abandon its pursuit of a nuclear weapon. And let us not forget that there was a time when critics said sanctions on the Iranian regime would never work. But because of TFI's effective and innovative actions, we have proven exactly the opposite. These sanctions have deeply damaged Iran's economy, causing its economy to shrink, its currency to drop, its unemployment rate to jump, and its inflation rate to skyrocket.

Currently, Iran is at the negotiating table for the first time in a decade and progress on Iran's nuclear program has been halted while key elements of this program have been rolled back.

In this instance we have seen the powerful impact of coordinating effectively with the international community. The impact of our actions can be greater than the sum of its individual parts. Had we decided to act alone or with less cooperation, our actions would have been much less effective. The balance between tough unilateral actions, while maintaining broad support for collective action has brought Iran to the negotiating table.

We do not know what the ultimate outcome of these negotiations will be and all options remain on the table to keep Iran from acquiring a nuclear weapon, but we have a chance to resolve our differences peacefully and without the use of force.

Finally, I want to talk about Ukraine, and what TFI has done to help promote stability in Central Europe.

The Ukrainian people have shown real courage over the last few months as they have sought an independent course for their country and a government that reflects the will of the people.

The recent election demonstrates that Ukraine continues to make progress despite the significant challenges it faces.

During this fragile period, the United States has led the effort to build international support for Ukraine, and Treasury has played a central role in this undertaking.

Working with the International Monetary Fund, the World Bank, and our G-7 partners, we have led an effort to mobilize a multilateral response to the situation in Ukraine almost immediately. Multilateral and bilateral support has provided financial and technical assistance to stabilize Ukraine.

While we have worked to support Ukraine's economy, the Russian economy has become increasingly isolated from the international financial system. And Europe and the G-7 have joined us to impose targeted sanctions on individuals and entities who have contributed to the destabilization in Ukraine.

Our coordinated and carefully calibrated approach has put enormous pressure on Russia, with limited collateral damage to the U.S., European, and global economy. We have targeted key officials and their close associates. We have targeted institutions that support the Russian leadership. And the President has given us the authority to take even more powerful action if Russia continues to support armed separatists in eastern Ukraine.

Our actions have helped weaken Russia's economy and demonstrate again how international cooperation is a force multiplier. The ruble and Russian stocks have both dropped significantly this year, and anxious investors are reconsidering Russian markets.

The IMF has forecast that \$100 billion in investment will exit Russia this year, and Russia's economy has already started to contract. In the meantime, Russian companies are finding it harder to access international sources of capital, and Russia's credit rating was downgraded to just above "junk" status.

Our goal was to impose a cost on Russia for its occupation and attempted annexation of Crimea, and to deter Russian military intervention in Ukraine. Last week's election was a promising sign for the future of Ukraine, but there is evidence that Russia continues to allow the free flow of weapons, funds, and fighters across its borders and President Putin's next steps are still not clear.

What is clear is that our leadership has made a difference, and TFI has made a difference. It has made a difference the world over by promoting stability and providing us with alternatives to combat.

5/5/2020

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And this is possible only because of the men and women at TFI who have committed themselves to protecting and serving our nation. We are talking about the analyst combing through data and finding a dangerous financial transaction. The policymaker flying to yet another country to gain support for new strategies to safeguard the international financial system. And the department official meeting with bank executives to stop a money laundering operation.

Because of the quiet dedication of these public servants, we are confronting our strategic challenges, we are making progress, and we are a safer and stronger nation.

Thank you—and thank you to the TFI team for your service and commitment.

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