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Chairman Royce, Ranking Member Engel, members of this Committee, I am grateful for the opportunity to speak to you today on U.S. foreign policy toward Ukraine.

Let me begin by thanking this Committee for its deep engagement on this issue. In our efforts to back the aspirations of the Ukrainian people, we have been heartened by the robust bipartisan support that we have received from this Committee and from Congress more broadly. House Resolution 447 introduced by Ranking Member Engel and passed by the House on February 10, sent a powerful message that the American people stand wholly and unequivocally with the people of Ukraine in their hour of need.

We have had close and constant contact with Congress in every step of this grave situation. Our united efforts have demonstrated to the people of Ukraine and to the international community that the United States is resolute in its support of Ukraine's desire for a democratic, peaceful, and prosperous future.

I would like to address four areas in my remarks. I will begin by discussing the political situation in Ukraine. Second, I will talk about regional stability, Russia's military intervention in Ukraine and the response of the United States and the international community to Russia's action. Third, I will briefly touch on Ukraine's current perilous economic situation and the tools necessary in the immediate and mid-term to begin the process of economic healing after years of severe mismanagement. My colleague from Treasury will build on this more thoroughly. Finally, I will briefly address U.S. technical assistance in Ukraine and support for the country's return to the normal democratic process.

I underscore that the situation in the region is extremely fluid. We continue to adapt as it rapidly evolves.

Let me also add a few words about my own deep personal commitment to Ukraine and its future. I first worked to support the Ukrainian people and their aspirations for freedom in 1989, when I was the internal politics and nationalities affairs officer on the Soviet Desk at the State Department. I helped open relations with independent Ukraine in 1991, and my wife and I lived in Kyiv from 1994 through 1996, in the early days of Ukraine's independence. I speak Ukrainian, and I have friends throughout Ukraine. Over the tumultuous events of the past several months, I have watched with horror as Ukrainians were cut down by snipers in the heart of Kyiv. But I have also been inspired by the people of Ukraine—their determination, their courage, and their insistence on the possibility of a better future for themselves and their country.

Political Situation

I would like to start by emphasizing that the democratic transition that occurred in Ukraine was an expression of will of the Ukrainian people. This is not about the United States. This is not about Russia.

The people of Ukraine have made a decision about their future. The Rada, the country's democratically elected legislature, has taken the step of creating a transitional government following former president Yanukovich's abdication. Ukraine's lawmakers in the Rada have fulfilled their obligation to the people by preparing to tackle the pressing economic and political issues facing the country until new presidential elections can be held in May. These decisions have been supported by overwhelming majorities in the Rada including members of Yanukovich's former party.

The United States welcomed the formation of the new government and is working with its leadership as it ensures the protection of the rights of all Ukrainians including all minorities. As the international community looks for ways to help Ukraine, we will focus on the government's efforts to build the strong, sovereign and democratic country the people of Ukraine desire and so richly deserve. The decision of the Ukrainian people regarding their government needs to be respected.

Implications for stability in the region

Russia's military intervention in Ukraine, however, has endangered the promise of Ukraine's democratic transition. As Secretary Kerry said in Kyiv on Tuesday, "the contrast could not be clearer: determined Ukrainians demonstrating strength through unity and a Russian Government out of excuses, hiding its hand behind falsehoods, intimidation, and provocations."

The United States fully and unambiguously condemns Russia's military intervention in Ukrainian territory. We have repeatedly indicated that Russia's actions in Crimea are in clear violation of Ukrainian sovereignty and territorial integrity and a breach of international law, including Russia's obligations under the UN Charter, and of its 1997 Treaty of Friendship, Cooperation, and Partnership and of its military basing agreement with Ukraine in which it agreed to respect the sovereignty of Ukraine and not to interfere in Ukraine's internal affairs. It is also a blatant affront to the 1994 Budapest Memorandum and the Helsinki Final Act.

We have already taken actions consistent with the unacceptability of Russia's military intervention. Shoulder to shoulder with our G7 counterparts, we have suspended participation in the G8 Sochi preparations. We have suspended all talks with Russia on any future trade or investment agreements. We have suspended military to military contacts. We issued a statement with the unanimous approval of the members of the North Atlantic Council strongly condemning the Russian military escalation in Crimea. NATO is stepping up efforts to increase the Baltic air policing mission. We are working on ways to strengthen our aviation detachment cooperation with Poland. We are considering other measures to provide reassurance to our allies.

And today the United States has marshalled a full package of measures aimed at demonstrating the force of U.S. resolve in the face of unprovoked military intervention and threats. Pursuant to the President's guidance, the State Department is putting in place visa restrictions on a number of officials and individuals, reflecting a policy decision to deny visas to those responsible for or complicit in threatening the sovereignty and territorial integrity of Ukraine. In addition, the President has signed an Executive Order that authorizes sanctions on individuals and entities responsible for activities undermining democratic processes or institutions in Ukraine; threatening the peace, security, stability, sovereignty, or territorial integrity of Ukraine;

contributing to the misappropriation of state assets of Ukraine; or purporting to assert governmental authority over any part of Ukraine without authorization from the Ukrainian government in Kyiv. We have made it clear to Russia and others that steps to undermine Ukrainian democracy and territorial integrity will result in further political and economic isolation should they continue on this path.

Despite Russian obstinacy and deception, our focus remains on de-escalation of tensions. We continue to explore the possibility of an “off-ramp” that could lead to the relaxation of tensions in Ukraine, if the Russians are willing to take it. We support direct talks between the Ukrainian and Russian governments. Secretary Kerry met yesterday in Paris separately with the Foreign Ministers of Ukraine and Russia, as well as with European counterparts, in an effort to get such talks going. The OSCE and UN are in the process of deploying monitors in the country, including Crimea and Eastern Ukraine. These monitors will provide transparency about the activity of military and para-military forces, monitor for abuse, and defuse tensions between groups. They, along with senior delegations from NATO allies to the region, will offer objective on-the-ground information to counteract Russia’s flagrant propaganda campaign.

And let me be clear on this point. There are no confirmed reports of threats to ethnic Russians. No confirmed reports of a massive movement of ethnic Russian refugees. No threat to Russian naval bases. The interim Ukrainian government is a body that represents the will of the people. It is not an extremist cabal. Russia’s assertions are nothing more than a baseless veneer used to justify its military action.

I would also like to state before this committee that the United States is monitoring the reports of anti-Semitic acts extremely closely. We know that some organizations have expressed concern about the treatment of the Jewish community in Ukraine. We continue to emphasize to the leadership of all Ukrainian parties that there is no place for anti-Semitism in Ukraine’s future.

With regard to relations with Russia, we will continue to work with Russia in areas in which we have a responsibility to the global community such as Syria and Iran. That said, we must speak frankly about Russia’s action in Ukraine. While Russia is not an adversary, its actions in Ukraine are deeply adversarial – both to the rules of the international order and to the hopes and aspirations of the Ukrainian people.

Economic Situation

At the same time, Ukraine’s financial situation remains deeply precarious. The political upheaval of recent months has added to long-term economic and fiscal problems rooted in systemic corruption and mismanagement that have choked the country’s economic potential for years. Unsustainable economic policies under previous Ukrainian administrations have left Ukraine’s economy uncompetitive and have eroded Ukraine’s foreign reserves. Ukraine urgently needs to pursue economic reforms and secure external financing to restore economic stability .

In the immediate term, an International Monetary Fund (IMF) package provides the best foundation for economic advice and financing. Interim Prime Minister Yatsenyuk has stated that Ukraine needs to meet IMF conditions. Meeting these conditions will be tough. They will likely require reducing energy subsidies, a more flexible exchange rate, and reducing the budget deficit.

We welcome the new government's commitment to pursue reforms that could be supported by an IMF program. Additional multilateral and bilateral support for a reform program could help to ensure that Ukraine has the support it needs in order for reforms to be successful and give it space to take reform steps incrementally. Just yesterday the European Union announced that it would be providing \$3 billion in bilateral financial support, which would be complemented by assistance from the EIB and the multilateral development banks, much of it linked to an IMF program.

And the United States stands ready to act as well. We are working with this Committee and others in Congress to provide a sovereign loan guarantee for Ukraine to help provide needed financing to the government at a key point in Ukraine's history in conjunction with an IMF program. This loan guarantee is an effective way to leverage U.S. assistance to Ukraine and achieve both political and economic foreign policy objectives. The Administration is also working with Congress to approve IMF quota legislation, which would support the IMF's capacity to lend additional resources to Ukraine and help preserve continued U.S. leadership within this important institution. Passing this legislation is vital national security priority.

The United States is committed to supporting reform efforts aimed at bolstering Ukraine in its economic recovery. Only the IMF can provide the amount of funding necessary to cover Ukraine's immediate and medium-term financing needs and restore economic stability. A loan guarantee from the United States could serve as an important complement to an IMF program by helping the government as it undertakes the required reforms. This loan guarantee will be the centerpiece of our bilateral assistance to help in this effort. We thank the Committee for its leadership and assistance in ensuring we can respond quickly to Ukraine's urgent financial needs.

Ukraine is only the latest example of how we rely on the IMF to be the first responder in economic crises. This is why we are consulting with Congress to approve IMF quota legislation, which help preserve continued U.S. leadership within this important institution. This reform would also support the IMF's capacity to lend additional resources to Ukraine. Passing this legislation is vital national security priority.

Technical assistance

In addition to financial assistance, the United States continues to deploy technical assistance tools as Ukraine struggles to get back on its political and economic feet. Since the political crisis began, we have been working within existing resources—both the existing bilateral budget for Ukraine and global funding sources—to be as responsive as possible to urgent needs.

So far, this has included a full range of important actions. Our first priority is to support the Ukrainian government as it prepares for elections in less than three months, including by ensuring that the elections environment is conducive to a free, fair and inclusive election. We have intensified our legal assistance project to assist journalists and activists. We have increased support to local civil society and independent media organizations. We have launched a cybersecurity project aimed at protecting local NGOs, activists, and media. We are providing objective information about European integration and rapidly unfolding current events in

Russian, with a particular emphasis in southern and eastern Ukraine. And we are assisting local journalists in developing local on-the-ground content.

We are reviewing our current resources to develop a package of additional assistance to the government of Ukraine in the near term and are working closely with USAID. We will consult with Congress as we put together a package which will prioritize programs to promote economic reform; conduct free and fair elections, battle corruption, strengthen the justice sector, and assist with asset recovery from corrupt officials; and help Ukraine weather trade and energy disruptions. Our assistance will also promote free, fair, and transparent elections on May 25.

Conclusion

As President Obama stated earlier this week, our national interest is in “seeing the Ukrainian people be able to determine their own destiny.” The United States and our allies are committed to helping Ukraine realize the full potential of this moment. Russia has a choice to make. It can come to the table and support the Ukrainians as they chart their future. Or it can continue its current course of action and risk being frozen out.

Thank you again for inviting me to appear today, and for your focus on this critical set of issues. I look forward to your questions.