

U.S. DEPARTMENT OF THE TREASURY

Press Center



Sheets Op-Ed: Ukraine Needs To Restructure Its Debt

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WASHINGTON – In an op-ed published on CNBC.com, Under Secretary for International Affairs Nathan Sheets praises the transformative economic reforms undertaken by the government of Ukraine, and highlights that sustained reform implementation and assistance from Ukraine's international partners – including both official and private creditors – remain critical to Ukraine's economic recovery.

Read the piece [here](#).

The text of the piece follows:

Ukraine Needs To Restructure Its Debt

By Nathan Sheets

Although the ongoing conflict in Ukraine's east has caught the world's attention, no less important for Ukraine's future are the transformative and unprecedented reforms being undertaken by the government in Kiev, as it seeks to arrest the country's economic crisis and lay the foundation for long-term growth.

Last Friday, the Executive Board of the International Monetary Fund (IMF), with strong U.S. support, approved the next disbursement of financial assistance under Ukraine's IMF program – marking almost a year and a half of sustained reform implementation.

There is no disputing that the government and people of Ukraine have faced the country's extraordinary challenges with courage and commitment. Since the Maidan activists braved violence and sub-zero temperatures to promote democracy, transparency, and accountability, Ukrainians from all walks of life have been doing their part to achieve a decisive break with the country's past and lay the groundwork for a stable, prosperous future.

As with any major economic transformation, however, the path to success demands patience and effort. Spurred by last year's election of a reform-oriented government, Ukraine has initiated difficult and urgently needed steps to improve the business climate, strengthen governance and competition, prevent and prosecute corruption, repair and recapitalize the financial sector, restructure and liberalize the energy sector and state-owned enterprises, and eliminate poorly targeted energy subsidies while protecting the most vulnerable members of society.

While entrenched interests in Ukraine — often masked as populist benefactors of the people — continue to push against this transformation, the ethos of reform has begun to permeate Ukraine's government and society. For this movement to fully take root, Ukraine's top leaders must show continued courage and willingness to address corruption. Ukraine's parliamentarians must be disciplined, united, and focused on the country's long-term interests. And the Ukrainian people must continue to support the country's ambitious reform agenda.

But Ukraine cannot transform its economy entirely on its own. Sustained assistance from Ukraine's international partners remains critical. Since the onset of the crisis in 2014, the United States and other official creditors have provided significant new money and technical assistance – both through the international financial institutions and bilaterally – to stabilize and support Ukraine. In concert with our European partners, we have worked aggressively to increase Ukraine's international assistance program to \$40 billion, involving both official and private creditors. Anchored around a four-year IMF program, Ukraine's augmented assistance package approved in March includes strong backing from the United States, World Bank, European Bank for Reconstruction and Development, European Union, and other official creditors. Ukraine's reform agenda has resonated with the international community, which remains deeply committed to Ukraine's recovery.

To sustain this recovery, Ukraine also needs to restructure its government debt. Ukraine's debt did not precipitate its economic crisis and was at a manageable level as recently as late 2013. But Russian aggression over the past 18 months has delivered a blow to economic activity and productive capacity that has left Ukraine's debts unsustainable. Creditors involved in the ongoing debt restructuring negotiations should heed the long view, and not treat this as a zero-sum game. We urge these creditors to move swiftly in the coming weeks to reach an agreement with the Ukrainian authorities that satisfies the three criteria outlined in Ukraine's IMF program — including the debt-sustainability targets.

By doing so, creditors have an opportunity to be part of a solution that will decidedly advance their own interests as well as Ukraine's economic and geopolitical fortunes. A strong, stable Ukraine is in the interests of all parties — Ukraine's citizens, international partners, and investors. We all benefit if Ukraine prospers.

Commentary by Nathan Sheets, Treasury Under Secretary for International Affairs.

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