

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Remarks of Secretary Jacob J. Lew at Meeting with Ukrainian Finance Minister Jaresko

1/28/2015

*As prepared for delivery*

**KYIV** - It is good to be in Kyiv today, and I want to thank Finance Minister Jaresko for welcoming me to Ukraine.

Ukraine's struggle for independence and peace over the past year has been tremendously challenging.

The ongoing military offensive against various cities and towns in eastern Ukraine being carried out by Russia-backed separatists is just another example of the violence and extreme perils that Ukraine continues to face.

Nevertheless, the Ukrainian people continue to exhibit significant bravery, and under extreme pressure, Ukraine's leaders in the last year have honored the will of the people and have acted responsibly to begin ushering in economic and democratic reforms and we commend their progress.

Ukraine's new government is the most reform-oriented government in the country's history and its commitment to take the difficult steps to unleash Ukraine's economic potential is clear.

Ukraine's government is taking critical steps to tackle corruption, improve the business climate, strengthen governance and competition, repair the financial sector, and eliminate wasteful spending and energy subsidies while protecting the most vulnerable. And under very challenging circumstances, has also managed short-run macroeconomic policies to maintain stability.

It is essential that the Ukrainian government continue to make progress in all of these areas to enable the people of Ukraine to realize the prosperity and stability they deserve, as well as to sustain the strong support Ukraine is receiving from the international community.

The United States remains steadfast in its commitment to support Ukraine's democracy and oppose Russia's aggression. And as President Obama recently stated, we look forward to consulting our partners on possible responses, to the recent violence.

Our first choice is a diplomatic resolution that allows us to lessen sanctions, but we remain prepared to do more if necessary.

To that end, we will continue to work with our allies to increase the pressure on Russia. At the same time, we have been clear from the beginning that if Moscow fully implements its obligations pursuant to the Minsk agreement, sanctions against Russia could be eased.

Even as we have been holding Russia accountable for its actions, the United States has taken steps to provide technical and financial support to Ukraine so that it can restore economic stability and achieve needed economic reforms. The U.S. Treasury has advisors on the ground right now to assist Ukraine in building the capacity necessary to implement critical reforms. Last year, we provided a \$1 billion loan guarantee and nearly \$340 million in other assistance to advance reforms and strengthen institutions. The U.S. loan guarantee allowed the Ukrainian government to raise affordable funding directly in private capital markets and ease the impact of the economic transition on the most vulnerable.

In concert with the IMF, World Bank, European Union, and other members of the international community, we have worked aggressively to provide Ukraine with significant financial and technical assistance over the past year - and we continue to do so among the current challenges facing Ukraine.

Ukraine's government continues to forge ahead with the implementation of its ambitious reform program, and it needs the support of the international community to make progress and maintain economic stability. That is why the international community has come together and is assembling a new round of financial assistance for Ukraine.

As part of this broad package of support, the United States has committed to negotiate a loan guarantee of \$1 billion to the Government of Ukraine in the first half of 2015, provided Ukraine remains on track with the reform program it has agreed to with the IMF. We are proposing to Congress that we provide an additional \$1 billion for a total of \$3 billion of loan guarantees, as long as Ukraine continues making concrete progress on its reform agenda and continues to require that support.

Today, I am pleased to sign with Ukrainian Finance Minister Jaresko a Declaration of Intent to move forward with a loan guarantee in 2015 that will support the Ukrainian government's economic reform program.

This loan guarantee is intended to help Ukraine meet its near-term social spending needs and insulate vulnerable Ukrainians from the impact of necessary economic adjustments. We also expect Ukraine to make further gains in its efforts to root out corruption, reform the energy sector, fix the financial system, improve the business climate, and repair the country's finances.

Our respective governments are now proceeding to negotiate the detailed terms necessary to conclude a loan guarantee agreement.

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Minister Jaresko, I congratulate you, your government, and the Ukrainian people on all that your nation has accomplished recently to determine your own democratic and economic future.

There are many challenges ahead, but the United States will continue to be at your side as you build a more secure, more prosperous, and more democratic nation that the people of Ukraine are so determined to achieve.

Thank you.

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