

UKRAINE: CONFRONTING INTERNAL CHALLENGES AND EXTERNAL

HEARING BEFORE THE COMMISSION ON SECURITY AND COOPERATION IN EUROPE ONE HUNDRED THIRTEENTH CONGRESS SECOND SESSION

APRIL 9, 2014

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APRIL 9, 2014

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UKRAINE: CONFRONTING INTERNAL CHALLENGES AND EXTERNAL

APRIL 9, 2014

COMMISSION ON SECURITY AND COOPERATION IN EUROPE,
Washington, DC.

The hearing was held from 10:09 a.m. to 11:30 p.m. in Room 215 Dirksen Senate Office Building, Washington, D.C., Senator Benjamin Cardin, Chairman of the Commission on Security and Cooperation in Europe, presiding.

Commissioners present: Hon. Benjamin Cardin, Chairman, Commission on Security and Cooperation in Europe; Hon. Sheldon Whitehouse, Commissioner, Commission on Security and Cooperation in Europe; Hon. John Boozman, Commissioner, Commission on Security and Cooperation in Europe; Hon. Michael Burgess, Commissioner, Commission on Security and Cooperation in Europe; and Hon. Steve Cohen, Commissioner, Commission on Security and Cooperation in Europe.

Witnesses present: Victoria Nuland, Assistant Secretary for European and Eurasian Affairs, U.S. Department of State.

HON. BENJAMIN CARDIN, CHAIRMAN, COMMISSION ON SECURITY AND COOPERATION IN EUROPE

Mr. CARDIN. Good morning, everyone, and welcome to this hearing of the Helsinki Commission. I particularly want to thank Secretary Nuland for her presence here today and for her extraordinary service to our country during an extremely challenging time. We've had the opportunity to talk on several occasions, but I particularly appreciate this opportunity within the forum of the Helsinki Commission to be able to have this discussion about the circumstances in Ukraine.

I also want to acknowledge Ambassador Motsyk, the ambassador from Ukraine, who is here. We appreciate very much his presence. I also want to acknowledge Spencer Oliver, who is the secretary general of the OSCE Parliamentary Assembly, who is with us today also. We have a distinguished group of people that are in the audience, along with Congressmen Burgess and Cohen. It's a pleasure to welcome you all here today. I look forward to examining the current situation in Ukraine and discussing how the United States, together with the international community, including EU and the OSCE, can best assist Ukraine and deter further Russian aggression.

Since last November, Ukraine has been in turmoil with a deteriorating economy, public unrest by millions of protesters fed up with the human rights and democracy rollback and the massive corrup-

tion characterized by the four-year rule of Viktor Yanukovich. The largely peaceful protests culminated in a violent crackdown resulting in the killing of more than 80 people in a span of three days.

This in turn led to Yanukovich's removal by a sizable majority in parliament on February 22nd. Since then an interim government has been working at a rapid pace to address the numerous internal challenges moving forward on badly needed economic and political reforms and preparing for the critical May 25th presidential elections. I might say that I know that the OSCE Parliamentary Assembly and ODIHR will be participating in election monitoring. We will have a delegation from the commission, which will also be in Ukraine for the May 25th elections.

As if these internal challenges weren't enough, a few days into the interim government's tenure Russia seized Crimea by force. Russia held an illegal referendum and annexed the peninsula. Russia's illegal actions violated numerous international obligations, including the core principles of the Helsinki Final Act. The land grab, cloaked in the cloth of self-determination, brings to mind darker times in Europe's history, undermines the international order, and sets a dangerous precedent. We saw Russia take similar action in Georgia and now in Crimea, in Ukraine.

If this goes unchecked, and if we do not speak with a unified voice, it encourages more irresponsible action by Russia and other countries around the world that might be so inclined. Meanwhile Russia continues to threaten Ukraine's sovereignty and territorial integrity with formal military intervention and attempts to undermine the legitimacy of the new government, including through a propaganda campaign where truth is a casualty.

In the last few days, Russian agents have fomented protests in several eastern cities in an attempt to destabilize Ukraine and make it more amenable to Russia's influence, yet these efforts do not appear to be finding fertile ground. Secretary Nuland, as I'm sure you're aware, Secretary Kerry testified before the Senate Foreign Relations Committee yesterday and was pretty candid about the efforts that Russia has been doing, particularly in the eastern part of Ukraine, to try to provoke action and unrest, and this obviously needs to be brought forward.

It is clear that Ukrainians want to live in a united Ukraine. Even among the ethnic Russians there have been no cries of discrimination. It is clear that the people of Ukraine long for the rule of law, transparency, democracy and respect for human rights. They want to be afforded the dignity and respect that all human beings desire and deserve. The May 25th elections will be vital to understanding the aspirations of the people of Ukraine and the course they want to chart for their future. A free and democratic electoral process is a powerful response to Russia's perceptions and Russia's aggression.

Given what is at stake, it is so important for the administration, the Congress and the international community to respond, and I believe it's absolutely essential that we speak with a strong, united voice and standing with the people of Ukraine. I particularly want to note the vital work of the OSCE and its various institutions which have been actively engaged in sending monitoring missions and representatives to help foster security and respect for human

rights. The OSCE has deployed a large special monitoring mission in Ukraine. I hope that Russia will not prohibit this mission as well as other smaller OSCE missions from entering Crimea.

I'm especially grateful that the Senate and the House, on an overwhelming bipartisan basis, were able to send to the president, for his signature, legislation underscoring our country's solidarity with the Ukrainian people, with tangible economic democracy and security assistance. The legislation also sanctions Ukrainians and Russians responsible for undermining Ukrainian sovereignty and massive corruption. Let me just point out that the sanctions that were employed by the administration patterned very much the sanctions that were made available that resulted in the Magnitksy Act, which was Russia-specific in regards to the human rights violations in Russia.

It is very comparable to that type of sanctions. As we originally suggested, and as legislation has now been authored by Senator McCain and myself, we want to make that legislation available globally so that we don't have to respond to Congress every time there's a human rights violation, and working with the administration trying to see whether we can't get the authorizing language that will allow the administration to be able to move more promptly if circumstances require.

It basically underscores the three principles of the Helsinki Final Act, and that is that if we're going to have a stable partner, if we're going to have a country that is going to be able to proceed on an economic and security front, it must respect the rule of law, good governance and human rights. We must continue to stand with the people of Ukraine as they defend their democracy, integrity and independence. We must, ourselves, defend the Helsinki principles and other international principles which Russia so blatantly violated.

I also noticed that we've been joined by Senator Whitehouse, and acknowledge his presence. I would yield to any of my colleagues who would like to make brief opening comments. Congressman Burgess.

**HON. MICHAEL BURGESS, COMMISSIONER,
COMMISSION ON SECURITY AND COOPERATION IN EUROPE**

Mr. BURGESS. Thank you, Mr. Chairman. I do want to thank you for holding the hearing. I'll keep my comments brief because we are anxious to hear from the assistant secretary. And thank you, Madam Secretary, for being with us this morning. And thank you, Chairman, for your willingness to travel to Ukraine during the time that the voting occurs. I am anxious to be present when that happens and look forward to that day for the people of a free Ukraine.

It's been an incredible couple of months, and some extraordinary events have occurred in Ukraine and the Crimea. February 21st, pro-European protesters legally marched in the streets of Kiev to demand reform from their government. The protesters won, and Yanukovich, who was president at the time, left the country. We all know what happens next. Russia immediately condemned the new Ukrainian government as illegitimate. Then, under the guise

of liberating the Russian-speaking peoples of the Crimea, Russia invaded and annexed a piece of a sovereign nation.

The Russian activity must not be unchallenged. Yesterday armed protesters swarmed a city 300 miles to the north of Crimea. Ukraine and U.S. officials alleged that the protesters were in fact organized by Russia. The protesters themselves then called upon President Putin to send in troops for their aid. In fact, this cannot stand. Doing its part, the United States Congress has acted. We passed a billion-dollar loan guarantee to the Ukraine. Further, Congress has passed separate legislation that requires President Obama to ban visas and seize assets from the people responsible for undermining the peace and stability of the Ukraine.

There is today, over in another committee of which I'm a member on the House side, a provision to allow the expedited handling of export licenses for liquefied natural gas. These are licenses that inexplicably have been held up for some time, and it is clear that natural gas exports to a country like Ukraine could be a significant weapon in the—in the fight against Russian aggression.

Four years ago, Secretary of State Clinton said we must hit the reset button on our relationship with President Putin. That sent a confused message to the rest of the world. It implied that the United States, which has always stood firm for freedom and democracy, is willing to work diplomatically with President Putin. In fact, we all know he is not to be trusted. He is still fighting the Cold War, even if we are not. He's denying basic freedoms to the people of Russia.

I thank the chairman and I look forward to hearing the comments by the witness as to the current situation in the Ukraine and what we can do to further deter Russian hostility and aggression. I yield back.

Mr. CARDIN. Thank you. Congressman Cohen.

**HON. STEVE COHEN, COMMISSIONER,
COMMISSION ON SECURITY AND COOPERATION IN EUROPE**

Mr. COHEN. Thank you, Mr. Chairman.

I'm looking forward to your testimony. This, I think, is a most critical issue to the world and to America. I'd hope in your testimony—and I haven't had a chance to read it—that you will comment on some of the criticisms that some have launched about our \$100 billion aid, about some of that aid possibly going to benefit debts that are owed to Russia and if there's any reality to it or anything can be done about that aid to see that it does help the economy directly rather than simply by paying off debts owed to maybe the Russian energy company, or if that's inevitable; comments about—that have been made that the individuals who have taken power in the Ukraine are, quote, unquote, “neo-Nazis” and fascists, et cetera—if there's any extremist elements that we know about or if this is simply propaganda on folks that don't want us to get involved.

I'm curious about what's going on in the Caucasus. If I was a terrorist in the Caucasus right now in Dagestan or Chechnya, I'd be doing something because I would think that Russia's attention is turned toward Ukraine. Are there any indications we have any action taking place there, where it seems like an ideal opportunity

to disrupt the Russian efforts? I yield back the balance of my time. I look forward to your testimony.

Mr. CARDIN. Senator Whitehouse.

**HON. SHELDON WHITEHOUSE, COMMISSIONER,
COMMISSION ON SECURITY AND COOPERATION IN EUROPE**

Mr. WHITEHOUSE. Thank you very much, Chairman, for holding this. And I thank our witness for being here, and I appreciate the energetic nature of her diplomacy in this area. I think it's been helpful to our country.

I don't want to ask the questions now—we can take it up later—but I wanted to flag two issues that I think bear on the situation in the Ukraine. The first is that when we were there recently we heard considerable concern from our Ukrainian interlocutors about the threat of corruption in Ukraine and about the extent to which confidence in any new government could be eroded if it weren't clear to the people of the Ukraine that a serious effort at undoing the corruption—primary supporting the oligarchs but more generally the previous Ukrainian government is not dealt with.

I'm not familiar with what the Department of Justice is doing by way of providing support, mentorship, guidance, resources and so forth to the prosecutors and to the judiciary in the Ukraine. There is skepticism, I think, that prosecutors will have the freedom to do what they should be doing, that investigators will be free to pursue this, that judges will be able to render legitimate decisions—that we have been active in other countries, helping them to, for want of a better word, reboot the justice system insofar as it pertains to corruption. I'd love to know what the role is and how DOJ is participating in our combined government efforts to try to support a new government in the Ukraine in that regard.

The second is following on Congressman Burgess' observation that much of the power of Russia in this area has to do with its status as a petro state and has to do with the political threat that the denial of fuel or the aggressive and strategic pricing of fuel provides the Russians. There has been considerable discussion about the role of American natural gas exports to help with that problem. I would submit that there probably is also ground to be gained in that regard by helping support a Ukrainian transition to a stronger renewable footprint, and that it could well be seen that every patriotic Ukrainian should have a solar panel or, if they have enough land the grid for it, a wind turbine. Yet I'm unaware of any connection between our Department of Energy and the Ukraine. I don't know whether there's any effort being made to facilitate the renewable side in addition to considering natural gas exports. I think those are two important concerns. If we can't get after the corruption, if we can't reduce the Russian political weight associated with its petro-state status, a lot of these other goals that we want to achieve will be made more difficult.

I'll pursue that during the Q-and-A period, but I do salute our witness for the energetic effort she has brought to this and appreciate her service.

Mr. CARDIN. Secretary Nuland, thank you for being here. Secretary Nuland assumed her position as assistant secretary of state for European and Eurasian Affairs on September 18th, 2013. As as-

sistant secretary, she is responsible for the diplomatic relations with 50 countries in Europe and Eurasia, as well as NATO, the European Union and the Organization for Security and Cooperation in Europe—quite a portfolio that you have.

Secretary Nuland is a career diplomat. She was the 18th U.S. permanent representative to NATO from 2005 to 2008. As NATO ambassador, she focused heavily on strengthening the allied support for the ISAF mission in Afghanistan and on NATO-Russia issues. She is an expert. She plays a central role in forging and implementing U.S. policy regarding Ukraine, Russia and the region during these extraordinary, challenging times.

I want to note, on a personal basis, her extraordinary leadership is well-known. As we talk to more of our colleagues around the region, they respect greatly the strength that Secretary Nuland has brought to this position. It's a pleasure to have you here. As you see, our colleagues have a lot of questions. You may proceed as you wish. Your full statement will be incorporated in our record. And we look forward to your testimony.

**VICTORIA NULAND, ASSISTANT SECRETARY FOR EUROPEAN
AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE**

Ms. NULAND. Thank you very much, Mr. Chairman. Thank you, members of this commission. I'll proceed with the prepared statement, and then we can go to many of these very rich questions that you all have raised in the opening statements. Again, it is my honor to be invited to testify before you today on the situation in Ukraine. It's a particular honor to do so before the U.S. Helsinki Commission, an organization that I have long personally valued and had lots of exchanged with over the years.

Let me also express my gratitude and the administration's gratitude for the leadership that Congress has shown with the overwhelming passage of H.R. 4151 and S. 2183 in support of Ukraine and the Ukrainian people. That unity sent a strong, bipartisan signal that the United States stands united for Ukraine at this critical moment in its history.

For almost 40 years, the United States and this commission have worked with our trans-Atlantic allies and partners to uphold the principles of the Helsinki Final Act. Russia's actions in Ukraine are an affront to those fundamental principles. Its occupation of Crimea, rubber-stamped by an illegitimate referendum conducted at the barrel of a gun, have tarnished its credibility and diminished its international standing in the eyes of Ukrainians and in the eyes of the world.

Reports of human rights abuses in Crimea since the Russian occupation have also shocked the conscience. Russia has also attempted to intimidate Ukrainians by amassing more than 40,000 troops and quick-strike aircraft along its borders, and with trade blockades and gas price hikes, as mentioned by some of you. This week's violent occupation of government buildings in Kharkiv, in Donetsk and in Lugansk deepen our concern.

Far from a spontaneous set of events, as Secretary Kerry said yesterday before the Senate Foreign Relations Committee, these incidents bear all the hallmarks of an orchestrated campaign of incitement, separatism and sabotage of the Ukrainian state, aided

and abetted by the Russian security services. Today, Ukraine is a front-line state for the struggle for freedom and all the principles that this commission holds dear. The United States stands with Ukraine in its effort to forge its own path forward to a more free, peaceful and unified future.

Our approach includes four pillars with which you're very familiar. First, our bilateral and multilateral support for Ukraine and its democratic future, second the costs we're imposing on Russia for its aggressive actions, third our efforts to de-escalate the crisis diplomatically if at all possible and, fourth, our unwavering commitment to the security of our NATO allies. I'll address each of these briefly. My longer statement includes more detail.

First, we support the Ukrainian people and the transitional government in the courageous steps they are taking to restore economic health, democratic choice and internal stability and security to the country. The Rada has passed landmark anti-corruption measures, deficit reduction measures and taken difficult steps to reform the energy sector. These reforms are going to require painful sacrifice from the Ukrainian people, but they will also open the way to an IMF package of up to \$18 billion in support.

As you know, the United States stands ready to help as the country addresses its immense challenges. Again, we thank you for your support of the \$1 billion loan guarantee, which we will provide in conjunction with IMF and EU assistance. This loan guarantee will primarily go to help cushion the impact of reforms for the poorest in the Ukrainian system and the most vulnerable in their society.

We also have approximately \$92 million in FY '13 State and USAID funding and 86 million dollars in FY '14 State and USAID funding for other kinds of assistance. This is primarily going to be directed in the areas of strengthening anti-corruption and enforcement efforts. To address some of the concerns that Senator Whitehouse raised: revising public procurement legislation, again, in an anti-corruption direction; introducing agricultural and energy sector reforms that are badly needed, also going to rooting out corruption; improving transparency; and helping the Ukrainian people prepare for free, fair elections on May 25th.

Thank you for those of you who've already traveled to Ukraine and to those of you who will travel for the elections—it's important to have senior ranking Americans from both the executive and the legislative branch in Ukraine throughout this period.

We are also working with the international community to push back against Russian propaganda, Russian lies and efforts to destabilize Ukraine's regions. As you mentioned, Mr. Chairman, the OSCE has already fielded a special monitoring mission. There are 70 monitors now in place in some 10 locations around Ukraine, including most of the at-risk cities that we've seen over the weekend.

We expect this mission can grow to up to 500 over the coming weeks. The OSCE's Office for Democratic Institutions and Humanitarian Rights will also play an essential role. They'll send some thousand observers for the presidential elections—one of the highest per-capita fieldings of an ODIHR mission in recent trans-Atlantic history.

Second, as I said, Russia is already paying a high price for its actions, and that cost will go up if its pressure on Ukraine does not

abate. Across the board, Russia has found itself isolated, disinvited and diminished in its interactions with all of us. The president has signed two executive orders authorizing sanctions against those responsible and finding that the actions and policies of the Russian government undermine democratic processes and institutions, threaten the peace and stability and security and sovereignty and territorial integrity of Ukraine, or in the misappropriation of Ukrainian assets.

These sanctions have been carefully coordinated with the EU and with our global partners. Today we are considering further measures in response to Russia's continued pressure on Ukraine. These costs will only grow if Russia does not change course. At the same time, the president has insisted on leaving the door open for diplomacy. We wanted to try to de-escalate this crisis peacefully, if at all possible. As you know, Secretary Kerry has met three times with Russian Foreign Minister Lavrov in recent weeks, with the full support of the Ukrainian government, at a time when Russia was refusing to meet directly with Ukraine.

Earlier this week, the Russians agreed that they would finally sit down over the next 10 days with Ukraine and the EU and the U.S. to discuss de-escalation, demobilization, support for the elections and constitutional reform. I have to say that we don't have high expectations for these talks, but we do believe it is very important to keep that diplomatic door open. We'll see what they bring.

Even as we try to de-escalate, with Russian troops ringing Ukraine for weeks now on high alert, we cannot be complacent about the security of our NATO allies who live closest to Russia. Our message to Putin and to Russia is clear: NATO territory is inviolable. We, and our NATO allies, are providing visible reassurance on land, on sea and in the air to our Central and Eastern European members, who now also live on the front lines of this conflict.

More broadly, the events in Ukraine are a wake-up call for all of us. Everything we have stood for, for over 40 years, as a community of free nations is at risk if we allow aggressive acts to go unchecked and unpunished. As a community, North Americans and Europeans, must continue to stand with the people of Ukraine as they say no, or *nie* in Ukrainian, to the tactics and brutality of the 19th century on display now and yes, or in Ukrainian, to a 21st century future that respects their sovereignty, their choice and their human dignity.

Thank you for allowing me to be with you today.

Mr. CARDIN. Once again, thank you for your testimony. There is a scheduled vote on the floor of the Senate at 11:00. We'll probably do, if necessary, more than one round, but if we could try to keep the rounds to five minutes.

Mr. WHITEHOUSE. Mr. Chairman, if I may, I have to leave very shortly with a meeting with my EPW chairman.

Mr. CARDIN. I'll yield my time.

Mr. WHITEHOUSE. DOJ, DOE.

Ms. NULAND. First of all, Senator, I should let those agencies speak for themselves. But I will, since we work very closely, say to you that the Department of Justice has had a field team in Ukraine for at least three weeks now. They are working on all the

issues of interest to you. They have been assisting the Ukrainians, and particularly the Rata, with some of the efforts that they've been making to reboot the justice system, as you say, by cleaning out some of the corrupt members of the judiciary, by working on legislation that would provide more transparency and more accountability in the justice sector.

As you probably know as part of the IMF conditionality, and I cited it quickly in my testimony, the Rata is working on a whole series of transparency and anti-corruption legislation in things like government procurement in the different sectors—grain, energy, et cetera—to provide openness and reduce graft in contracting. DOJ's been advising on that. But equally importantly they've had a team that's been working on helping the Ukrainians exploit this treasury trove of Yanukovich-era documents that have come forward so that they can make judicial cases against corrupt officials, both in Ukrainian courts and in international courts.

We're also advising the Ukrainians through the Department of Justice. Out there on some of the cases that they plan to take to international bodies—like the ICC, like the ICJ, and in the WTO—against some of the Russian pressures, the stealing of the assets of the Ukrainian Navy, et cetera. So watch this space.

On the energy side, Carlos Pascual, the State Department's senior coordinator for energy, has been in Ukraine recently. The secretary had a meeting with the EU, Cathy Ashton and the Energy Commissioner Oettinger, last week to try to support the Ukrainians in defending themselves should there be a gas cut off, primarily by working on reverse flows of gas from Slovakia, from Hungary, from Poland, accelerating U.S. and EU support for the adjustments that need to be made there. Those efforts continue. We are encouraging Secretary Moniz and Dan Poneman, his deputy, to go out and work in Ukraine.

As you may know, there is major U.S. energy investment in Ukraine, primarily in the shale gas exploration field. This has the potential to make Ukraine completely energy independent in the span of some eight to 12 years, depending upon how it goes. We are also encouraging them in the direction of energy conservation—that's a really very serious issue; if you've ever been to—Ukrainian public buildings with the windows open in the middle of the winter, you know what I'm talking about—and also on renewables. But as you know, with renewables, it's expensive, it's a longer-term game, but there are lots of young, Ukrainian high-tech companies interested in getting into that sector.

Mr. WHITEHOUSE. Thank you, Chairman. Thank you, Ms. Nuland.

Mr. CARDIN. Thank you. Congressman Burgess.

Mr. BURGESS. Please go ahead, sir.

Mr. CARDIN. Thank you. Well, thank you. I want to bring up an issue that was present before Russia's invasion in Ukraine, and that is the legislation that was passed, known as the Magnitsky law, required the administration to evaluate who in Russia was responsible for these gross violations of human rights and to take action, including visa bans and sanctions on our banking system. The list that came out before the Ukrainian crisis erupted, before the Olympics was—by many of us—we thought incomplete. We have,

under the laws, notified the administration that we thought additional reviews should be made, particularly of certain individuals. Can you just give me the status of that review?

Ms. NULAND. Chairman, thank you. As you mentioned, we put forward our annual report in December, but did not at that time add more names. We are in receipt of your request for more review, which sets in motion a 120 day clock, which I believe comes forward to us end of April, middle of May. We do expect to be able to respond within the timeframe that the legislation sets and we are reviewing now the question of adding more names.

Mr. CARDIN. Thank you, and we'll look forward to that response.

I'm going to talk a little bit about the OSCE and its importance. It is the largest regional organization. It is an organization that includes both the United States and Russia, which gives it particular importance. Now that the G-8 is G-7, at least temporarily, the OSCE provides us one of the only regional forums that we can have direct contact with Russia. It is difficult right now, because Russia is in violation of so many of its responsibilities under the OSCE. We now have missions from the OSCE in Ukraine. Can you just tell us what we can do to help ensure that the missions are able to get the type of access and support that they need in order for us to have independent observers and help, we hope, to develop the type of democratic tools necessary to resist open violence in that area?

Ms. NULAND. Well, Chairman, in all my years of working with the OSCE, and it's been decades, as it has for you, I have never seen a more active period at the headquarters in Vienna than we have now, because the need is so great and because the OSCE has so many of the tools that are required. That said, it was quite a struggle to get agreement on the Special Monitoring Mission. We would have liked it about a month earlier than it came forward. But we do now have agreement to a mission that can grow to up to 500 people. We have about 70 in the field now, including in the key cities. We've had considerable reporting coming forward, including reporting that very much validates our understanding of the situation in Kharkov and Donetsk and Lugansk—which was that it was relatively peaceful with some relatively small, but peaceful, pro-Russian protests on Saturday, on Sunday—until this very surgical and orchestrated campaign of building takeovers that happened, over the last couple of days. Since then, monitors coming forward with reporting that the rest of the cities are relatively calm, that citizens in these cities are distancing themselves from the position of these extremists and these aggressive actors and are expressing their desire to vote in free, fair elections on May 25th.

I think we need, to accelerate the pace of getting the monitors out there, filling out this mission. Obviously, it takes money. I am scraping my budget now to fund as many American monitors as we can. We're also talking to the OSCE about insuring—currently their reporting is confidential within the organization. The first reporting we've had has been very rich. We're asking them to do what they can to publicize more of it, either by sanitizing reporting and putting it up on their website on a regular schedule, or by giving regular press conferences, and I think hearing from you all on that would be helpful.

Final issue on the special monitoring mission: It has a mandate not simply to passively monitor, but also to offer good offices to facilitate de-escalation of crisis situation. Over the last couple of days, we've been raising the question in Vienna whether the monitors in Donetsk, the monitors in Lugansk can offer a more active role and good offices in trying to get these last two buildings that are being held cleared, particularly the one on Lugansk, where there are hostages still at risk. We'd like to see the mandate used to the maximum.

We also talked about the absolutely vital role that ODIHR will play in monitoring the elections. This is absolutely key for undercutting this narrative that somehow the Ukrainian people will not have a broad choice. As you know, there are more than 20 candidates in the race, representing every single color of Ukraine. We expect the media environment for this to be as free as it's ever been. But it'll be important to document that and important to have monitors in every single part of the country.

Finally, the human rights monitors from the OSCE were some of the only people—and the monitors for journalistic freedom—were some of the only people to get into Crimea, both during the occupation and afterwards, and the witness that they have borne to the increasingly tense human rights situation in Crimea has been important. But we're frustrated that more of this information is not getting into the public domain.

Mr. CARDIN. The Yanukovich administration left Ukraine in a pretty bad situation. The economy was in desperate situation. The political institutions were severely damaged, and the parliament acted with some division. They are clearly united in regards to the independence of Ukraine and the actions of Russia, but it's not a predictable circumstance. The May 25th elections are critically important, and they're only weeks away. How well-prepared will the Ukrainians be for a open, free and fair election on May 25th?

Ms. NULAND. Chairman, this is an issue that we are watching intently. This is why we are gratified to have such a large ODIHR presence. We also expect that we will have a large IRI and NDI contingent out there and also from the commission.

In terms of the fundamentals of free, fair conditions, a broad slate of candidates, open media environment, electoral roles that are up-to-date—my understanding is that the conditions are all in relatively good shape along those lines. I think our number one concern is the concern that you also have: That there will be efforts to—further efforts to destabilize the security situation, that that is part of the playbook here: to make it difficult to have elections, or to claim that the environment is too unstable for elections.

This is why we are gratified to see the very restrained and careful efforts that the Ukrainian security services have been making to deal with the occupation of the buildings in these eastern cities. They've now, through a combination of negotiation and very surgical police action, cleared the two buildings in Kharkov. They've cleared one of the buildings in Donetsk, and they're working on the last two. This, again, gives confidence to the Ukrainian people in those cities that their public institutions serve them and serve them with professionalism and credibility.

Mr. CARDIN. Let me also point out: ODIHR works very closely with the Parliamentary Assembly. I think we have resolved some of our earlier conflicts we expect a large number of parliamentarians—maybe a record number of parliamentarians—that will be participating in the observation of the elections.

We now have frozen conflicts in Georgia, in Azerbaijan, Moldova—will Ukraine outlook be one in which it's going to be a long-term area of disagreement before we can get this resolved, or is there any hope that this will not become another frozen conflict?

Ms. NULAND. Chairman, first and foremost, we are focused intently on supporting the Ukrainian people and the Ukrainian transitional government, and we will support the elected authorities after the elections in ensuring that the rest of Ukraine is as successful as possible in improving the economy, the political environment, security, and stability.

With regard to Crimea, I think we all have to be honest with ourselves that this is going to be a medium-term effort, and here again, the more successful Ukraine is, the more Ukraine begins to resemble Poland, rather than resembling Russia over time, the more the people of Crimea will have to ask themselves whether they made the right bet, either with their vote, or otherwise.

I think that the best antidote to this kind of separatism is to bring these countries—whether it is Ukraine, whether it is Moldova, whether it is Georgia—closer to their successful neighbors in Europe. The EU has offered to sign association agreements with Moldova and Georgia. They've extended a lot of the benefits of the Association Agreement in the Deep and Comprehensive Free Trade agreement to Ukraine already. In Georgia and Moldova, this offers the opportunity, conceivably as early as June, July, for citizens carrying Moldovan passports to travel visa-free to Europe, to have business exchanges with the lowest-possible, or no tariffs to Europe. That's going to be true not just for those living in Chinau—it's going to be true for those living in Tiraspol.

This opportunity, as a Moldovan, to integrate with Europe, and to be freer and more prosperous through that opportunity, we think is the greatest antidote to separatism, whether it's there or whether it's in Apozee or ultimately in Crimea. But it's going to be a medium-term game.

Mr. CARDIN. One last follow-up question in regards to Moldova. There have been released reports that there is some nervousness that Russia might in fact pull its troops into Moldova under, again, the guise of protecting the Russian ethnic community. Can you just give us a quick update as to our concerns as to Moldova and Russia's actions on that border?

Ms. NULAND. Chairman, as you know, I was in Moldova a week ago Sunday, reassuring that—Moldovan government and people of U.S. support for their sovereignty, territorial integrity, and for their chosen path of deeper association with Europe. There was considerable concern that in a scenario where Russia chose to bring its troops that are now ringing the Ukrainian border into Ukraine proper, that they would also use their bases in Transnistria to come into Ukraine on the western side and make a connection between Transnistria and Odessa. That puts a premium on trying to deter that kind of decision by Russia and to continue to make the

case to the people of Transnistria that there are good things coming for Moldova in the coming weeks and months as a result of its association with Europe, which will pay economic benefits and free-choice benefits for their people too, and that they should resist these efforts to use them as a pawn in this game.

Mr. CARDIN. Thank you. We've been joined also by Senator Boozman—it's nice to have you here. Congressman Burgess.

Mr. BURGESS. Thanks, Mr. Chairman. Again, Madam Secretary, I want to thank you for spending time with us this morning and sharing your considerable knowledge and expertise in this area with the commission. I want to ask a question about just prior to the annexation, or the takeover, of Crimea. There was a story that broke in the newspapers about a hospital where the hospital administrator had been instructed that the hospital was now being managed by, presumably, the Russians. That got my attention, because why would Russia be taking over a hospital if they were not expecting multiple or maybe a mass casualty situation? After the event occurred, then there was a follow-up story where the hospital administrator had now been detained by the Russians. I'm a physician by background—there's plenty of times I want to see a hospital administrator detained—but can you shed any light on that as to what happened to that hospital administrator?

Ms. NULAND. I'm not familiar with this incident. We will look into it for you. But certainly the story that you recount is consistent with human rights violations and intimidation and other tactics that have been widely reported, including by OSCE human right monitors and by others and by the Crimeans themselves since the Russian pressure began, but particularly since the occupation—human rights abuses against Tatars, against journalists, against Ukrainian Navy personnel who resisted. We're talking about arrests, we're talking about reports of secret torture facilities, and we're talking about appropriation of property, intimidation of families. It is significant. It is pervasive.

Secretary Kerry, in his meetings with Foreign Minister Lavrov, has expressed our concerns about this at every stage and, in the most recent meeting, handed over a list of cases of concern that was coordinated with the government of Ukraine.

Mr. BURGESS. Well, if you could follow up with us on that, I would be grateful.

Ms. NULAND. We will.

Mr. BURGESS. I was happy to hear your affirmation of the NATO commitment. Can you tell us, as far as the Budapest memorandum was concerned, is there any like requirement that any of the people who were involved in the crafting of that memoranda provide any assistance or lack of aggression toward Ukraine?

Ms. NULAND. In terms of the individuals who were negotiators of the agreement?

Mr. BURGESS. Right. We asked them to disarm. I remember Secretary Rice when she was national security adviser, actually coming to Congress and talking about if a country wanted to disarm, we know what it looks like.

Ms. NULAND. Right.

Mr. BURGESS. We know what Ukraine did.

Ms. NULAND. Yes.

Mr. BURGESS. Does that carry any weight, the fact that Ukraine was so cooperative?

Ms. NULAND. I was on the negotiating team in the Clinton administration that—led by Strobe Talbott, that worked on the denuclearization of Ukraine, Kazakhstan, Belarus at the time, and worked on this security assurance document, the 1994 Budapest agreement. The idea here was that for a Ukraine that had voluntarily surrendered its nuclear weapons, it required political assurances from its neighbor, Russia, and from two other large NATO powers, the U.K. and the U.S., that it would not be subject to attack as a result.

That was a political reassurance; it was not a sovereign treaty obligation of the level of what we have with our NATO allies, what we have with Japan, Korea. But it was primarily designed to give Ukraine reassurance vis-à-vis Russia. We consider that that commitment has been more than violated by Russia. We supported the Ukrainian call for consultations under Budapest. We endeavored to have those consultations within days of the Crimean crisis, and the Russians declined to participate.

It is regrettable that this political commitment proved not to be worth much more than the paper that it was written on. I think it does speak to whether broader international assurances should be given to other such states in the future.

Mr. BURGESS. May I ask a follow-up question, then, as far as, for example, the missile defense in Poland, the interceptor program in Poland, in Czechoslovakia, that was brought back to some degree. Perhaps we should rethink the activities surrounding that.

Ms. NULAND. These systems were never designed with Russia as a target. These are systems that are designed to deal with ballistic missile and nuclear threats and WMD threats coming from the south of Europe. They are not constituted for that mission.

Mr. BURGESS. Correct.

Ms. NULAND. There is a question of Russian nuclear aggression is deterred by the NATO nuclear posture, which remains in place.

Mr. BURGESS. But while these were designed for protection from a country such as Iran, there was considerable concern on the part of Vladimir Putin that we had participated in the missile defense of Poland, if we know it is something that has concerned the Russian hierarchy before, maybe it's worthwhile re-exploring that.

Let me add one other thing, and this is on the question of energy, and Senator Whitehouse did bring that up. Again, we're marking up a bill right now in the Energy and Commerce Subcommittee on Energy that would expedite the export licenses. It still takes a long time, even for those companies that have already done their environmental studies, that are awaiting the approval of these licenses. It's still a year and a half before gas can be shipped. It does take a long time. Are you encouraging the Department of Energy to really be active in looking at these licenses, these export licenses?

Ms. NULAND. I don't want to get into a brother/sister agency's business too deeply. That obviously is their business and their relationship with you.

The Europeans have been clear that they appreciate the licensing that has already been done, that they are hopeful that in the con-

text of the Transatlantic Trade and Investment Partnership negotiations, the TTIP negotiations for a broad trade agreement between the U.S. and the EU, that this could be included, which would put them in a preferential category for licensing. What we are doing is very aggressively encouraging the building of LNG terminals, the building of pipelines and interconnectors, the reverse flow of gas, as we've talked about, to invigorate the energy market within Europe, which will bring prices down and create more options for these countries, not just outside of NATO space, but those allies who are at risk from total monopoly from one source of energy. So we are very active. We have been releasing the Department of Energy has, considerable amounts more of LNG. The president spoke about this when he was in Europe. I understand the department is in dialogue with all of you about what makes sense going forward.

Mr. BURGESS. Sure. Well, as a Texan, we don't ever want to see our Ukrainian friends want for natural gas.

Thank you, Mr. Chairman. I'll yield back.

Mr. CARDIN. I want to thank Congressman Cohen. He's yielded to allow Senator Boozman an opportunity to ask questions since there will be a pending vote. During that vote, I will leave and let Congressman Cohen have the gavel and question, and I will be back shortly. So Senator Boozman.

**HON. JOHN BOOZMAN, COMMISSIONER,
COMMISSION ON SECURITY AND COOPERATION IN EUROPE**

Mr. BOOZMAN. Thank you, Mr. Chairman. Thank you for yielding for a second. We appreciate you being here, appreciate your hard work.

I'd really like for you to comment. Right now OECD, the ambassadorship is vacant. Can you talk a little bit about, as a former NATO ambassador and sometimes we don't realize the importance that that agency has in Europe and how important it is to have somebody around the table, as you talk about Ukraine and the other issues that are facing Europe right now and our allies. Can you talk a little bit about the importance, perhaps, of getting that position filled?

Ms. NULAND. Thank you, Senator. We are as an administration eager to have every one of these ambassadorships filled. I've got some 10 still vacant in my area of responsibility. OECD is one of the few missions resident in Europe that I am not responsible for, but obviously can speak to the fact that it plays an absolutely vital role in providing those kinds of essential connections, economic connections, cultural and human rights connections, across its memberships. Having a strong leader there is absolutely essential.

As you may know, Russia has sought a closer relationship. We had been trying to support that and help it, but now we've had to make very strong decisions, along with our European partners, that that closer integration is not in keeping with the behavior that we're seeing now. These are the kinds of political calls that we're now having to make out there, which speak to having strong leadership.

Mr. BOOZMAN. No, I agree totally. I think it is important that we have representation at the table that can, you know, speak with a strong voice.

Tell me also about the NATO Parliament and things. As an old NATO ambassador—how important it is for the Americans to be represented there and to be a strong voice.

Ms. NULAND. Thank you for that softball, Senator. I am a strong and enthusiastic supporter of the NATO Parliamentary Assembly, having worked very closely with them during my two tours at NATO, both as deputy and as ambassador. It's particularly a strong organization when the American contingent is bipartisan, is broadly geographically representative and is committed both at home and in Europe to a good conversation. I remember, for example, when I was out there and we were first working on missile defenses in Europe, and the fact that although Republicans and Democrats had some differences as to what the appropriate system would look like, the fact that both Republicans and Democrats thought we needed missile defenses in Europe had a profound impact on our ability to get that done in individual nations. The fact that they could talk to their counterparts in nations who were responsible for national budgeting, who were responsible for these kinds of policy decisions was absolutely key.

Today I would say that speaks to two absolutely vital things. One is the importance of all allies participating in the reassurance mission on land, sea and air for our frontline allies in Eastern and Central Europe, and that this not just be an American or big allied effort. That requires parliamentarians to make budget decisions sometimes that are difficult, and more broadly to maintain strong budgets.

Increasingly we see that if we want to be strong in defense of our values and in defense of our security, we've also got to continue to grow, and that means that everything is connected to everything in the European theater. The strong steps that individual parliamentarians take to support growth and jobs in their economies, to support banking union and other kinds of strengthening of the Eurozone is directly connected to whether they can raise defense budgets, provide reassurance; whether they can work together to withstand what we have to do to sanction Russia. All of these things are connected.

Mr. BOOZMAN. Right. No, I appreciate that. We've got really significant problems going on, but one of the basics for solving those problems is the dialogue the communication.

Ms. NULAND. Yes.

Mr. BOOZMAN. I was very active on the House side in NATO and now trying to get Senate participation, which I think is really important, in the NATO parliament. You mentioned the bipartisan-ship. Probably that's one of the most nonpartisan things that I've ever been a part of in the sense that, when you get over there and you roll up the sleeves and start working together, it really—I can't remember a time in any of those meetings where there was a real rift as far as important policy.

We appreciate your leadership, and I've got to go vote. Thank you.

Ms. NULAND. Thank you. Thanks for coming and participating at NATO.

Mr. BOOZMAN. Thank you.

Mr. COHEN. Thank you, Senator. And I will yield myself as much time as I shall consume. It's good to have the gavel.

Thank you for your attendance here. One thing I'd like to ask is, in the Eastern Ukraine with the disturbances, do we have any proof—not suspicion but proof—that Russians have been involved in the takeover of the buildings and participating physically?

Ms. NULAND. Congressman, let me say that the evidence is overwhelming that this was a very carefully orchestrated, well-planned, well-targeted, well-coordinated effort to take over buildings in four cities on—within the same 24-hour period with identical tactics. There is considerable information out on social media, out in the public domain in Ukraine that points directly to involvement of folks who are not resident in those cities and are not resident, in fact, in Ukraine.

As you may have seen, the Ukrainian government has also put out publicly its recent arrests and rollups of GRU and other intelligence officers in various Ukrainian cities, including these, over the last couple of weeks. There are also a number of absolutely wild stories, like in Kharkiv, where when the mob first started forming it showed up to take over the opera house rather than what its intended target turned out to be, which was the local administration building and the local interior building, indicating that these were not boys from Kharkiv and they were not quite as well planned and executed as they might have been, opera house not being a very significant threat.

I don't think that we have any doubt that the preponderance of evidence indicates direct Russian involvement here, but in this setting I'm not prepared to go further.

Mr. COHEN. I understand. I can read that. It seems like a cookie cutter from what they did in Crimea, but in Crimea was there not actual sightings of—even though they had their masks on and you can never know who the “lone ranger” might be, but that there were actually Russians there.

Ms. NULAND. Crimea was host to Russian bases.

Mr. COHEN. Navy.

Ms. NULAND. There were significant numbers of troops, which had dual-use capability, as we saw during the occupation annexation. And then they were of course reinforced with Spetsnaz and other military assets directly from Russia at the time of the annexation.

I think the concern that we have, in addition to what's going on currently in the cities, as Secretary Kerry said yesterday before the SFRC, is that this is the same playbook, and the effort here is to create the pretext or the excuse for a larger Russian reinforcement over the borders in defense of ethnic Russians or Russian citizens who are not getting their way by force.

Mr. COHEN. We, as I understand it, reduced our joint relationship with Russia in the space program. We're still going to, as I understand it, participate in maintaining the space station, but we eliminated some of our activities. What activities did we eliminate, and what was the purpose of that? Does that strike them finan-

cially in that we give them X amount of money, or was it simply a blow to their pride?

Ms. NULAND. Well, Congressman after Crimea, did a complete review of U.S. bilateral relations with Russia. We have suspended the vast majority of our programs that go to economic cooperation, that go to military-to-military cooperation, and that go to a lot of the technical cooperation that we had been doing.

We have maintained the relationship in areas of high national interest to the United States—obviously the Iran talks, the work we're doing on Syria chemical weapons. Parts of the space program where that relationship is vital to the safety and security of the program continue, but my understanding is that most of the routine other things have been curtailed, as have other U.S. government programs with Russia. But I would refer you to NASA for more specifics on what they've curtailed.

Mr. COHEN. In Syria, have the Russians been working with us in trying to locate and remove the weapons?

Ms. NULAND. This has been a matter of intensive diplomatic effort, and Secretary Kerry's direct diplomacy with Foreign Minister Lavrov from the time of the negotiation of the U.N. Security Council resolution in September that provided for the removal of these weapons. The Russian role here has been to work with the Syrian government on their implementation. We consider that this has been too slow. There have been obstacles. The Russians do continue to work with us to try to speed those things up, but in this setting I can't speak any further about the details of that.

Mr. COHEN. Thank you. The questions I thought about earlier—and these were criticisms that I didn't feel were warranted but they were still within my constituency, and one was about the \$100 billion loan guarantee. Much of that money, if I remember correctly, my constituent complaint was that some of that would go to Russia, probably to the energy debt that Ukraine has. Are there any stipulations that that money will not be money that basically just goes right back to Russia?

Ms. NULAND. In the context of the negotiations that Ukraine is having with the IMF, the IMF is looking at the totality of Ukrainian budget obligations, as we talked about earlier, trying to ensure that the corruption is squeezed out of the system, that energy prices are normalized, that—now that the hryvnia is floating, that they are being responsible in fiscal and monetary terms. But Ukraine does have some outstanding legitimate gas debt to Russia, in the context of working through all of that, the IMF is advising the Ukrainians on what does need to be paid out of budget and what is illegitimate, and working also with the Russians on that.

With regard to our loan guarantee, as I said, we're currently in discussions with the Ukrainian government now that the legislation has been passed on exactly how it would/should/could be used in support of that larger conversation the IMF is having. Our priority, and the Ukrainians' priority as I understand it, is to use our money to help implement these energy sector reforms that have been put in place to support the IMF, to help implement the anticorruption programming, but the bulk of the money will go to help cushion the most vulnerable Ukrainians from the increased gas and energy and oil prices that will be required in order to nor-

malize the economy, so to strengthen a social safety net program. But those negotiations are ongoing now.

Mr. COHEN. The issues that were raised by some constituents—and—they were about possible neo-Nazis being involved in the—in the group that took over. I know you can't assure me that everybody that's in power there is a George McGovern or a Chuck Percy, but do we have any assurances that those concerns are not valid?

Ms. NULAND. Congressman, it's absolutely clear that during the period of the building takeovers in Kiev there were some extremist elements that got into some of these buildings. They were talked out of these buildings and disarmed by other Maidan participants, other members of the Ukrainian political structure, many of whom are either serving in the current transitional government now or are members of the Rada, which supported the government.

What's most important here is that the transitional government was voted in by the vast majority of members of the parliament representing all of the regions and all of the political colors of Ukraine. All of this very difficult, very painful legislation that they're putting in place with regard to energy sector reform, anticorruption, et cetera, is also being voted through democratically after lots of debate with broad support in the Rada. The Rada also called for these elections. We have some 20 candidates representing everybody from the far right to the far left, and lots of moderate candidates in the middle.

The Ukrainian people will have a choice, and it is quite interesting that public opinion polling in Ukraine now indicates that these extremist elements, whether they are the Communists or whether they are the private sector candidate, are polling well below 3 percent on both ends of the scale. That speaks well to the moderating influence of an increasingly democratic Ukrainian system.

Mr. BURGESS. Will the gentleman yield?

Mr. COHEN. Yes.

Mr. BURGESS. Madam Secretary, I'm going to have to take off as well. I just wanted to thank you for being so generous with your time this morning. I appreciate your efforts and look forward to perhaps seeing you May 25th—in Kiev when the elections are ongoing. But thank you for your efforts in this, and the country is counting on you. Thank you.

Ms. NULAND. Thank you, sir.

Mr. COHEN. Couple of questions. The Tartars or the Tatars in Crimea, there was one killed, as I understand it, and the treatment may have not been so wonderful from the Russians. Is there concern there about the treatment of that minority group in Crimea?

Ms. NULAND. We're very concerned about the situation for Crimean Tatars. They are concerned themselves. I think some members of Congress may have had a chance to see the Crimean Tatar leader when he was here over the past week.

The incident you reference was the March 3rd abduction of Crimean Tatar activist Reshat Ametov. He was abducted in Simferopol. Two weeks later his body was found 28 miles away in a small village. According to local media, that body bore clear evidence of torture. In another notable case, massed pro-Russian forces kidnapped Yuri Shevchenko from a train station in Sim-

feropol. He was on his way to visit friends. He seems to have been mistaken for another activist.

As I said at the beginning, we are concerned about the human rights situation inside Crimea. We have made these concerns known to the Russian government in the Kerry-Lavrov conversations and handed over significant case information and demanded a response.

Mr. COHEN. Has Mr. Erdogan made his voice known on this issue at all?

Ms. NULAND. Yes, the Turkish government has been quite active on this subject and they do participate with us in the small group that works on Ukraine.

Mr. COHEN. Two last questions. One is, any indices that there's any activity in the Caucasus?

Ms. NULAND. You're talking about the Russian Northern Caucasus.

Mr. COHEN. Right.

Ms. NULAND. As you know, the Northern Caucasus is never peaceful. There was a significant crackdown on separatist activity by Russian security forces in the run-up to the Sochi Olympics—pretty devastating clean-out there. They've been pretty—

Mr. COHEN. I'll withdraw that question—

Ms. NULAND. Yeah.

Mr. COHEN [continuing]. Because if you knew the answer, you couldn't tell me or you had to kill me, and we don't want either one of those things to happen.

Ms. NULAND. I don't want to kill you, Congressman.

Mr. COHEN. I'm going to yield back, but I've just had this thought, the Russians and the Ukrainians had a boxing series, and it was a big deal, and the Russians won 4 to 1. Maybe this would be better for the ambassador, but I wondered if Vitali Klitschko hasn't offered the opportunity for Mr. Putin to have an exhibition match with him, and I'm sure he would take him up on it, and it'd be wonderful to watch.

Ms. NULAND. The ambassador says they'd be glad to see it, yeah.

Mr. COHEN. Yeah, I think I would too. I'd pay to see that fight, so to speak.

I yield back the balance of my time.

Mr. CARDIN. Let me thank Congressman Cohen for substituting while we had a vote on the floor of the Senate.

I want to just ask a few follow-up questions. I want to talk a little bit more about energy, Senator Whitehouse's point. I understand the longer-term strategies on dealing with the shale and dealing with energy efficiency, and I couldn't agree more. I think that's, an area of great interest.

There are conflicting incentives here. Russia makes a lot of money off of Ukraine, and there are pipelines through Ukraine that affect other countries, in addition to just Russia and Ukraine. What is our strategy in the short term to try to provide more security to Ukraine and some of the other countries in that region as it relates to energy sources? There has been some discussion—in regards to liquefied natural gas. There's been other discussions about other sources that could be made available to Ukraine in the region other

than Russia. Do we have a strategy to try to remove the potential leverage that Russia has over Ukraine on energy supply?

Ms. NULAND. Thank you, Senator. We did talk a little bit about this while you were out. I think your Republican colleagues asked some questions about it.

Mr. CARDIN. Oh, good.

Ms. NULAND. You'll see some of that in the record. We are working hard with the Ukrainians and with the Europeans to provide some cushion, some diversification in the short run, even as we work on some of these longer-term things.

The most likely source of quick gas for Ukraine in the event of a shutoff comes in reverse flows from Slovakia, from Hungary, from Poland. This requires some upgrading of infrastructure, and it requires some investment; it requires some political decisions. As I may have mentioned, Secretary Kerry and High Representative Ashton and the EU's Commissioner for Energy Oettinger met last week to talk about this very subject and directed their teams over the next three weeks to accelerate talks between the Slovaks and the Ukrainians in particular, but also looking at EU funding support, U.S. funding support for this kind of reverse flow. That's the best thing we can do. We're also working in the Moldovan context, with Romania and with the EU on interconnector infrastructure, which would also allow reverse flow. That speaks more generally to strengthening and revitalizing the intra-European energy market.

The other topic of conversation at the EU last week was how they can strengthen the interconnector system, the LNG terminal system, across the European space, across EU space, so that there are more flows, more options, which reduces prices, makes them more competitive when they negotiate with Gazprom. That's what's resulting already in lower gas prices within Central and Western Europe, that they are more competitive than Ukraine has been because they have more options.

Mr. CARDIN. That's an encouraging report. I take it we have certain plans in place in the event that Russia imposes additional pressure on Ukraine?

Ms. NULAND. We do. The Ukrainians have been pretty strategic in ensuring that their storage tanks are well-stocked, and as I said, some of these reverse flow things are the best option in the short run. That said, you'll remember that in 2010, when the Russians, for the second time, cut off the gas completely from Ukraine, it didn't last long because it cost them a fortune because Ukraine is a transit country to others and to some of their major markets in Central Europe.

Mr. CARDIN. Yeah. I think that's a double-edged sword.

Ms. NULAND. It is.

Mr. CARDIN. We understand that.

Ms. NULAND. It is.

Mr. CARDIN. But sometimes Russia's calculations are not easy for us to logically understand.

Ms. NULAND. Blessedly, it's spring and summer now, so it gives us some time.

Mr. CARDIN. That's true. It helps us a good deal.

Can we talk a little bit about the economic progress in Ukraine, which also deals with energy cost? One of the major areas of protest is when energy costs go up in Ukraine. The warmer seasons are coming, that will help. But can you just talk a little bit about how the reforms are taking place in Ukraine and whether the popular support will be adequate so that politically this can be accomplished?

Ms. NULAND. Senator in the context of the IMF agreement, the Ukrainians have been asked to make a huge amount of change quickly, not only in the energy sector, but also to squeeze out corruption throughout the public sector and in all of the different—in agriculture, in energy and in other places, as well as in public procurement. They have passed a huge number of new bills already, and they are working this week on further steps, both in support of the IMF program, but in support of cleaning up Ukraine.

The Maidan was about many things, but it was very strongly about a sense that the leadership of Ukraine was kleptocratic, was that too much money was going into their private pockets, that not enough was going to the Ukrainian people, that it was disappearing. I think some of these documents that we've seen have certainly supported that. There is strong support across the country for anti-corruption measures. It is difficult to make some of these energy reforms. They will hit households.

But this is why it is so important and such a strong signal of American support that in a bipartisan fashion, both houses of Congress supported the \$1 billion loan guarantee, because one of the things we're going to do with the loan guarantee is support Ukrainian programs to cushion the poorest Ukrainians from the impact there.

Mr. CARDIN. Oh.

Ms. NULAND. We do think the government of Ukraine has to do more outreach to the regions, has to explain these programs, as do those members of the Rada who have voted for them. We think this'll be a hot topic in the election campaign, but we are gratified that the legislative measures that have passed in the Ukrainian parliament have had broad popular support, that—have had broad political support across the parties, because there was an understanding across political elites that things have to change in Ukraine, or they just become more and more dependent.

Mr. CARDIN. I fully agree in regards to the popular desire to rid their country of corruption. I think that is clearly a commitment that the populace understands needs to be implemented by their government, and they strongly not only support it, but demand it, as they did during the Orange Revolution, as they did now. I've been in Ukraine. I was there shortly after the Orange Revolution. I've been back a couple times since. And you hear that frequently as one of the battle cries of a free Ukraine, free from corruption.

But as you get to pricing of energy and a more accurate cost, that's a hard political sell.

Ms. NULAND. It is.

Mr. CARDIN. It has to be done.

Ms. NULAND. It is.

Mr. CARDIN. Hard political sell. I'm pleased to see that part of our assistance will go towards mitigating the harm to lower-income families. That's not only the right political message, but it's also the right policy message for the growth of the Ukrainian economy.

These changes have to take place. But knowing that Russia will use propaganda to try and take advantage wherever they can, I think we need to understand that the explanations to the Ukrainian people will be mixed based upon what Russia will be doing.

Ms. NULAND. Absolutely. We have consistently encouraged the Ukrainian government to send its representatives out to the east, to have town hall meetings, to bring regional representatives to Kiev to talk about these things. They have started doing a lot more of that, particularly in the context of the dicey security situation. I think in the conversations that we and Secretary Kerry have had with Prime Minister Yatsenyuk, he hopes to do much more of that in the coming weeks and days.

Mr. CARDIN. I thank you so much for your appearance here. I think this has been extremely helpful to our commission's work and to the work of the Congress, and we fully intend to keep the unity between the administration and Congress on this effort. We understand there are short-term, medium-term and long-term objectives that we need to accomplish, and we look forward to you keeping us informed so that we can do everything we can to support the people of Ukraine, as I said earlier.

We appreciate you being here. We appreciate the ambassador being here. And with that, the commission's hearing will stand adjourned. Thank you.

Ms. NULAND. Thank you, Chairman.

APPENDIX

PREPARED STATEMENTS

PREPARED STATEMENT OF HON. BENJAMIN CARDIN, CHAIRMAN,
COMMISSION ON SECURITY AND COOPERATION IN EUROPE

Let me welcome everyone here today and thank you, Assistant Secretary Nuland, for agreeing to participate in this important and timely hearing. I look forward to examining the current situation in Ukraine and discussing how the United States, together with the international community, including the EU and the OSCE, can best assist Ukraine and deter further Russian aggression.

Since late November, Ukraine has been in turmoil, with a deteriorating economy and public unrest by millions of protestors fed up with the human rights and democracy rollback, and the massive corruption that characterized the four-year rule of Viktor Yanukovich. The largely peaceful protests culminated in a violent crackdown, resulting in the killing of more than 80 people in a span of 3 days. This, in turn, led to Yanukovich's removal by a sizeable majority in parliament on February 22. Since then, an interim government has been working at a rapid pace to address numerous internal challenges, moving forward on badly needed economic and political reforms and preparing for the crucial May 25th presidential elections.

As if these internal challenges weren't enough, just a few days into the interim government's tenure, Russia seized Crimea by force. Russia held an illegal, farcical referendum and annexed the peninsula. Russia's illegal actions violate numerous international obligations, including the core principles of the Helsinki Final Act. The land grab, cloaked in the cloth of self-determination, brings to mind darker times in Europe's history, undermines the international order and sets a dangerous precedent. We saw Russia take similar action in Georgia, and now in Crimea in Ukraine. If this goes unchecked and if we do not speak with a unified voice, it just encourages more irresponsible action by Russia and other countries around the world that might be so inclined.

Meanwhile, Russia continues to threaten Ukraine's sovereignty and territorial integrity with further military intervention, and attempts to undermine the legitimacy of the new government, including through a propaganda campaign where truth is a casualty. In the last few days, Russian agents have fomented protests in several eastern cities in an attempt to destabilize Ukraine and make it more amenable to Russia's influence. Yet these efforts do not appear to be finding fertile ground. It is clear that Ukrainians want to live in a united Ukraine. Even among ethnic Russians, there have been no great cries of discrimination. And it is clear that the people of Ukraine long for the rule of law, transparency, democracy and respect for human rights. They want to be afforded the dignity and respect that all human beings desire and deserve. The May 25 elections will be vital to understanding the aspirations of the people of Ukraine and the course they want to chart for their future. A free and democratic electoral process is a powerful response to Russian perceptions and Russian aggression.

Given what's at stake, it is so important for the Administration, the Congress and the international community to respond, and I believe it is absolutely essential that we speak with a strong united voice in standing with the people of Ukraine. I particularly want to note the vital work of the OSCE and its various institutions, which have been actively engaged in sending monitoring missions and representatives to help foster security and respect for human rights. The OSCE has just deployed a large special Monitoring Mission in Ukraine. I hope that Russia will not prohibit this mission, as well as other smaller OSCE missions, from entering Crimea.

I am especially gratified that last week, the Senate and House—on an overwhelming bipartisan basis—were able to send to the President, for his signature, legislation underscoring our country's solidarity with the Ukrainian people with tangible economic, democracy and security assistance. This legislation also sanctions Ukrainians and Russians responsible for undermining Ukrainian sovereignty and massive corruption. We must continue to stand with the people of Ukraine as they defend their democracy, integrity and independence. We must ourselves defend the

Helsinki principles, and other international principles, which Russia has so blatantly violated.

As Assistant Secretary of State for European and Eurasian Affairs, Secretary Nuland continues to play a central role in forging and implementing U.S. policy regarding Ukraine, Russia and the region during this extraordinarily challenging time. I look forward to your testimony.

PREPARED STATEMENT OF HON. CHRISTOPHER SMITH, CO-CHAIRMAN,
COMMISSION ON SECURITY AND COOPERATION IN EUROPE

Recently hundreds of pro-Russian protestors seized and damaged government buildings in several eastern Ukrainian cities. Meanwhile, tens of thousands of Russian troops remain on the borders of Ukraine, ready to invade at any time. Many people believe that some of the protestors are Russian operatives and that these events are part of a Russian government policy to destabilize Ukraine and so undermine its sovereignty and democracy.

This comes on the heels of the Russian government's illegitimate annexation of Crimea—a gross violation of the core principles of the OSCE as well as several multilateral and bilateral agreements between Ukraine and Russia. The military occupation and annexation of Crimea by means of an illegal referendum is the most blatant assault on a European country's territorial integrity since the signing of the 1975 Helsinki Final Act.

The Russian government claims it is concerned about threats to ethnic Russians and other minorities by the new, pro-Western government. Yet recent surveys show an overwhelming majority of Ukrainians, including minorities, do not believe that Russian-speakers are facing increased pressure since the flight of Victor Yanukovich and installation of a new government. It is remarkable the extent to which Ukrainian citizens of every ethnicity and every faith—Orthodox, Catholic, Protestant, Jewish and Muslim—are united in their condemnation of Russian government aggression and their desire to live in a peaceful, united, independent, democratic Ukraine.

In the past six months the Ukrainian people have shown tremendous courage, character, faith, responsibility, and maturity. They are going to have to continue doing so—as they implement deep economic and political reforms, conduct the political campaign running up to May 25 presidential elections, and face down Russia, posing an existential threat to Ukrainian independence. Each of these tasks are daunting, to say the least.

That is why our country is standing with the Ukrainian people as never before. The Ukraine Support Act, passed by overwhelming bipartisan majorities, is now public law, assisting Ukraine and sanctioning individuals responsible for undermining its sovereignty. And the international community has resolutely condemned Russia's aggression in Ukraine. Some diplomatic and economic sanctions have been instituted, but we need to do more should the need arise. The United States and international community simply cannot permit outright aggression that not only subverts Ukraine's independence, but peace and security in the regions and, indeed, throughout the world.

PREPARED STATEMENT OF VICTORIA NULAND, ASSISTANT SECRETARY FOR EUROPEAN
AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Thank you, Chairman Cardin and Co-Chairman Smith, for inviting me to testify before you today on the situation in Ukraine. It is a particular honor for me to do so before the U.S. Helsinki Commission, whose purpose is to advance security through the promotion of human rights, democracy and economic, environmental and military cooperation in the Euro-Atlantic Area.

Let me also express my gratitude for the leadership that Congress has shown with the overwhelming passage of the H.R. 4152 and S. 2183 in support of Ukraine. Not only did this legislation pass with strong bipartisan support in both the House and Senate, it was also backed by all 17 Commissioners of this body. That unity sent a strong signal that the United States stands united for Ukraine at this critical moment in its history.

For almost 40 years, the United States and this Commission have worked with our TransAtlantic Allies and partners to uphold the principles of the Helsinki Final Act. These founding principles are universal, and they include “respect for human rights and fundamental freedoms;” “the inviolability of frontiers;” “territorial integrity of states;” and “the peaceful settlement of disputes.”

Russia’s actions in Ukraine are an affront to each of these fundamental principles. Its occupation of Crimea, rubberstamped by an illegitimate referendum conducted at the barrel of a gun, have tarnished its credibility and diminished its international standing in the eyes of Ukrainians and the world. Reports of human rights abuses in Crimea since the Russian occupation have shocked the conscience. Last month, a Crimean Tatar activist protesting the Russian occupation of the peninsula was abducted, tortured and killed by pro-Russian irregulars. Russia has also attempted to intimidate Ukrainians by amassing more than 40 thousand troops and quick strike aircraft along the border, and with trade blockades and gas price hikes of 80 percent.

This week’s violent occupation of government buildings in Kharkhiv, Donetsk, Luhansk and Mariupol deepen our concern. Far from a spontaneous set of events, these incidents bear all the hallmarks of an orchestrated campaign of incitement, separatism and sabotage of the Ukrainian state, aided and abetted by the Russian security services.

So today Ukraine is a frontline state in the struggle for freedom and all the principles this commission holds dear. Ukraine is also replete with heroes in that struggle. It took guts for the Ukrainian people to stand up to a regime awash in unchecked cronyism, corruption and violence against its people. It took grit for tens of thousands of Ukrainians to spend weeks and months on the Maidan enduring subfreezing winter temperatures to demand dignity and a better future.

I think of Tetiana Chornovol, the investigative journalist and activist dedicated to exposing Yanukovich-era graft. She was savagely beaten by anti-Maidan thugs on Christmas Day. Today she serves as chief of the Anti-Corruption Bureau in the new government.

I think of Air Force Colonel Yuliy Mamchur, who led his troops to stand up to Russian forces when they came to take over Belbek airbase in Crimea. Together Mamchur and his forces sang the Ukrainian national hymn as Russian troops swarmed the base. The Russian military took him into custody for five days, trying to pressure him to defect. But his allegiance to Ukraine remained steadfast.

Today, the United States stands with Ukraine in its efforts to forge its own path forward to a freer, peaceful, and unified future. Our approach includes four pillars: first, our bilateral and multilateral support for Ukraine; second, the costs we are imposing on Russia for its aggressive actions; third, our efforts to deescalate the crisis diplomatically; and fourth, our unwavering commitment to the security of our NATO Allies who also live on the frontlines of this crisis. Let me address each of these briefly.

First, we support the Ukrainian people and the transitional government in the courageous steps they are taking to restore economic health, democratic choice and internal stability and security to the country. The Rada has passed landmark anti-corruption measures, deficit reduction measures and taken difficult steps to reform the energy sector. These necessary reforms will require painful sacrifices from all Ukrainians. But they also open the way to an IMF package of up to \$18 billion in support.

The United States stands ready to help as the country addresses its immense challenges. Our \$1 billion loan guarantee, in conjunction with IMF and EU assistance, will help implement these reforms and will cushion some of impact on the most vulnerable in Ukrainian society.

And we have approximately \$92 million in FY 2013 State/USAID funding and an anticipated \$86 million in FY 2014 State/USAID funding for assistance to Ukraine such as strengthening anti-corruption enforcement efforts, revising public procurement legislation, introducing agriculture and energy sector reforms, deepening privatization efforts, improving the transparency and quality of higher education and helping Ukraine prepare for free, fair elections on May 25th.

And we are working with the international community to push back against Russian propaganda, lies and efforts to destabilize Ukraine's regions. The OSCE has already deployed more than 70 monitors in ten locations throughout Ukraine as part of a special monitoring mission and the mandate allows the mission to grow to 500. The OSCE Office for Democratic Institutions and Human Rights will also play an essential role by sending 1000 observers for the Presidential election, one of its biggest missions ever.

Second, Russia is already paying a high price for its actions, and that cost will go up if its pressure on Ukraine does not abate. Across the board, Russia has found itself isolated. The United States along with all other G-7 members declined to attend the Sochi G-8 Summit and suspended participation in G-8 activities. Instead, the G-7 will meet in Brussels. On March 27th, the United States and 99 other countries in the UN General Assembly reaffirmed the unity and territorial integrity of Ukraine within its internationally recognized borders. Only 11 voted against. Along with our Allies, we have suspended practical cooperation between NATO and Russia. We have suspended most bilateral economic and military cooperation of the U.S.-Russia Bilateral Presidential Commission. The President signed two Executive Orders authorizing sanctions against those responsible and finding that the actions and policies of the Russian government undermine democratic process and institutions in Ukraine; threaten its peace, security, stability, sovereignty, and territorial integrity; and contribute to the misappropriation of its assets. These sanctions have been carefully coordinated with the EU and other global partners. And today we are considering further measures in response to Russia's continued pressure on Ukraine.

And the financial markets are reacting. The ruble has fallen. Capital flight from Russia is at a high not seen in years. And Russia has been downgraded by major credit rating agencies on account of its actions. These costs will only increase if Russia does not change course.

At the same time, we want to try to de-escalate the crisis. Secretary Kerry has met three times with Russian Foreign Minister Lavrov in recent weeks, with the support of the Ukrainian government at a time when Russia would not meet directly with Ukraine. Earlier this week, Foreign Minister Lavrov finally agreed to sit down in the next ten days with Ukraine, the EU and Secretary Kerry to discuss de-escalation, demobilization, support for elections and constitutional reform. Between now and then, we have made it clear that Russia needs to take concrete steps to disavow separatist actions in Eastern Ukraine, pull back its forces outside the country, and demonstrate that they are prepared to come to these discussions to do what is necessary to de-escalate. So Russia has a choice—to work with the international community to help build an independent Ukraine that can meet the hopes and aspirations of all Ukrainians, or they can face greater isolation and economic cost. We do not have high expectations of a rapid breakthrough, but it is critically important to keep trying.

Even as we try to de-escalate, with Russian troops ringing Ukraine for weeks now, we cannot be complacent about the security of our allies who live closest to Russia. Our message to Putin and Russia is clear: NATO territory is inviolable. We will defend every piece of it. And we are mounting a visible deterrent to Russia testing that proposition. In that vein, we and our NATO Allies are providing visible reassurance on land, sea and in the air to our Central and Eastern European members. The United States has increased our contribution to NATO's Baltic Air Policing mission. We have bolstered the U.S.-Poland aviation detachment in Lask, Poland with 12 F-16s and 200 personnel. We extended the stay of one of our ships, the USS *Truxtun* in the Black Sea, and will send another ship there in the coming weeks. NATO is flying AWACS over Poland and Romania. And last week at NATO, Allies agreed to extend and expand these efforts.

More broadly, the events in Ukraine are a wake-up call for all of us. That everything we have stood for over 40 years as a community of free nations is at risk if we allow aggressive acts to go unchecked and unpunished. As a community, North Americans and Europeans, we must continue to stand with the people of Ukraine as they say no—"ni" in Ukrainian—to the tactics and brutality of the 19th century and yes—"tak" in Ukrainian—to a 21st century that respects their sovereignty, their choice and their human dignity.

Thank you again for this invitation. I look forward to your questions.

PREPARED STATEMENT OF OLEKSANDR MOTSYK, AMBASSADOR OF UKRAINE TO THE
UNITED STATES

Dear Members of Congress: Today's hearing comes at a time of great challenge and grave danger not only for Ukraine, but also for the European and global security as a whole.

A cornerstone of international nonproliferation regime is the notion that you don't need to have weapons of mass destruction and can rely on international law and the power of international community for protection against unwarranted aggression.

After the end of the bloodiest war in the history of humankind, the United Nations Organization was created "to save succeeding generations from the scourge of war" and "to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained," where the most fundamental of such conditions is that "All Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state."

The same principles were embodied in the Budapest Memorandum on Security Assurances of 1994. In exchange for Ukraine's giving up the third largest nuclear arsenal in the world, the Russian Federation, the United Kingdom and the United States "reaffirm[ed] their commitment to Ukraine, in accordance with the principles of the Final Act of the Conference on Security and Cooperation in Europe, to respect the independence and sovereignty and the existing borders of Ukraine; . . . to refrain from the threat or use of force against the territorial integrity or political independence of Ukraine, and that none of their weapons will ever be used against Ukraine except in self-defense or otherwise in accordance with the Charter of the United Nations."

All these principles have been grossly violated by the aggression of the Russian Federation—one of the guarantor states under the Budapest Memorandum—against Ukraine. All this was done under the false pretext of protecting Russian speaking population of Crimea and pulled through a fake "referendum" in violation of all norms of Ukrainian law. Only 32.4% of the Crimea residents took part in so called "referendum" and it was boycotted completely by the indigenous people of Crimea—the Crimean Tatars.

As the OSCE High Commissioner on National Minorities Astrid Thors stated during her recent visit to Crimea, she found no evidence of violations or threats to the rights of Russians and Russian-speaking citizens of Ukraine in the Autonomous Republic of Crimea. Thus, the pretext for invasion was completely trumped-up, the "referendum" was a sham, and its results were falsified in a blatant attempt to justify a land grab.

Russia's aggression received overwhelming condemnation by the international community. Although Russia vetoed the decision by the UN Security Council, 100 countries voted for a UN General Assembly resolution in support of Ukraine's territorial integrity. There have been numerous statements in support of Ukraine and in condemnation of Russia's actions by various international actors, including the OSCE, the United States and other G-7 nations, the European Union, the Council of Europe, and NATO.

At the same time, the fact remains that the security guarantees that had been given to Ukraine did not work. International legal mechanisms so far have failed to achieve their purpose and have been powerless to prevent aggression in Crimea.

Moreover, Russia does not want to stop there. Instead, Russia concentrates its troops near Ukraine's border. Russian government is pushing hard for federalization of Ukraine. Russian security services continue to orchestrate provocations and instigate separatist movements in the East. Criminal terrorist groups, organized and controlled by Moscow, are carrying out seizures of administrative buildings and critical infrastructure facilities in the eastern regions of Ukraine, seeking their secession from our country and accessions into the Russian Federation, destabilizing the political and economic situation and attempting to disrupt the presidential elections scheduled on May 25, 2014. As part of this scenario, separatist groups requested military assistance from the Russian Federation. All of this clearly confirms that Russia launched the second phase of the aggression plan against Ukraine in the East.

By implementing this plan, Russia is attempting to tear away the territory of eastern Ukraine, turn it under the control of Russia into illegitimate quasi formations and sources of constant tension.

We cannot and will not allow it to happen. However, we cannot stop it on our own. We need strong actions by the international community to restore the status quo of Crimea as Ukrainian land, and thereby to restore the credibility in inter-

national law and order. So far, the aggressor has not backed down, and the pressure on Russia should only increase until Crimea is returned and all attempts to violate Ukraine's sovereignty and territorial integrity are abandoned.

Ukraine appreciates the resolute position of the United States, in particular the bipartisan support of the U.S. Congress which recently passed strong legislation that was signed by President Obama: the H.R. 4152 and S. 2183, the "Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014," which provides for loan guarantees for Ukraine and directs the imposition of sanctions; and S. 2183, which authorizes funds to enhance U.S. news and information programming to the people of Ukraine and the neighboring regions.

Nowadays, our joint efforts aimed at strengthening Ukraine's defense capabilities, modernizing Ukrainian Armed Forces and working together on maintaining peace and security are more important than ever.

Ukrainian and American soldiers were together in Iraq, Afghanistan and in all peacekeeping missions under the aegis of NATO. Today, the threat to peace and security is looming over Ukraine, and the Ukraine-U.S. defense is becoming more important than ever. On April 1, 2014, the Parliament of Ukraine passed the law allowing conducting eight multinational military exercises on the territory of Ukraine, including Ukraine-U.S. exercises "Rapid Trident 2014" and "Sea Breeze 2014" with the participation of NATO members and partners.

We thank the United States for its valuable support at this critical time, both with upholding Ukraine's sovereignty and security, as well as with helping us tackle the most pressing economic challenges.

Ukraine stays firmly on its path towards becoming a true European democracy and a prosperous market economy. We have signed the political part of the Association Agreement with the European Union, and the rest of the document is to be signed shortly.

The Government announced an ambitious program of reforms. Despite very difficult measures that need to be taken, the result will be a sound economic and financial system that provides opportunities for growth and high living standards. As part of that program, the budget spending is being reduced, the government is to be downsized, the taxation streamlined. The new economic policy encompasses anti-trust measures, deregulation of the economy and improvement for investments, as well as creation of a competitive energy market that would stimulate energy efficiency and lessen Ukraine's dependence on Russian gas.

At the same time, the situation in the Ukrainian economy now remains quite strained and we need urgent financial assistance, particularly from the International Monetary Fund, the World Bank, the EBRD and other international financial institutions.

After several weeks of difficult negotiations, the IMF announced that it had reached a preliminary compromise agreement with the Government of Ukraine on an economic reform program that can be supported by a two-year Stand-By Arrangement. The financial support from the broader international community that the program will unlock amounts to US\$27 billion over the next two years. The assistance from the IMF will range between US\$14–18 billion, with the precise amount to be determined once all bilateral and multilateral support is accounted for. We expect that this agreement will be approved by the IMF Management and the Executive Board in April this year.

We are encouraged by the announcements made by other international financial organizations, including the World Bank and the EBRD, regarding additional financial assistance to Ukraine.

Once again, now is a critical time, both for Ukraine and for the international community. Our country has always been and will remain a reliable partner of the United States, and we appreciate the U.S. support.

There is too much at stake now, and our actions at this moment will have profound ramifications for international peace, security and economy for years to come. Thank you.

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