

U.S. Approval of IMF Reform Could Accelerate Ukraine Aid

By [The Moscow Times](#)

March 05, 2014

The  Moscow Times

WASHINGTON — Ukraine would be able to borrow more money in the midst of its current crisis if U.S. lawmakers sign off on a measure to increase the International Monetary Fund's financial power, U.S. officials said.

The IMF legislation would double the fund's resources and give countries in crisis, such as Ukraine, access to a bigger pool of potential aid.

"The fund's central role in supporting economic reforms and catalyzing financial assistance for Ukraine underscores again why the IMF is critical for our national security interests," a U.S. Treasury official said Tuesday.

The Treasury said it was asking Congress to link IMF funding measures to legislation that would provide at least \$1 billion in loan guarantees to support Ukraine's economy.

The crisis in Ukraine, where IMF support is seen as critical to shoring up Kiev's collapsing finances, may give the Obama administration the leverage it needs to convince Congress to approve long-sought reforms to the fund, a multilateral lender based in Washington.

An aide to Senator Bob Corker, the top Republican on the Senate Foreign Relations Committee, which is writing the Ukraine aid legislation, said the IMF proposal was on the table.

However, U.S. support for the IMF has been a contentious issue in the Republican-led House of Representatives, and it is unclear whether it would be willing to take up the measure.

A senior Senate Republican aide said an IMF package would be a "no go" in the House.

The U.S. has pledged economic and technical assistance to Kiev, saying its support should be in tandem with an IMF program. Ukraine has asked the IMF for at least \$15 billion to avert bankruptcy and is struggling to cope with a military intervention by Russia in Crimea.

For about a year, the Obama administration has been pushing Congress to approve a shift of some \$63 billion from an IMF crisis fund to its general accounts in order to maintain Washington's influence at the global lender, and to make good on an international commitment made in 2010.

The White House on Tuesday tucked a request for a shift in IMF funding into the president's proposed budget for the 2015 fiscal year, which begins on Oct. 1.

"We are working with Congress to approve the 2010 IMF quota legislation, which would support the IMF's capacity to lend additional resources to Ukraine, while also helping to preserve continued U.S. leadership within this important institution," U.S. Treasury Secretary Jack Lew said in a statement earlier on Tuesday.

Congress must sign off on the IMF funding to complete the 2010 reforms, which give emerging markets a greater say in the organization.

The reform of the IMF's voting shares, known as quotas, cannot proceed without the U.S., which holds the only controlling share of IMF votes.

The quotas determine how much each country contributes to the IMF and how much it may borrow.

Ukraine's quota at the IMF is now about \$2.1 billion, but that would increase to \$3.1 billion once the 2010 reforms go through, meaning Kiev would be able to borrow more IMF money.

The crisis in Ukraine may help remind lawmakers why the IMF is a good investment, said Clay Lowery, a senior Treasury official in the Bush administration and now with Rock Creek Global Advisors.

"If Ukraine does not make it clear that there are national interests to have the IMF around, I am not sure what else we are going to find," he said.

Original url:

<https://www.themoscowtimes.com/2014/03/05/us-approval-of-imf-reform-could-accelerate-ukraine-aid-a32711>