

113TH CONGRESS
2D SESSION

S. RES. 448

Expressing the sense of the Senate on the policy of the United States
regarding stabilizing the currency of Ukraine.

IN THE SENATE OF THE UNITED STATES

MAY 15, 2014

Mr. RUBIO (for himself and Mr. CRUZ) submitted the following resolution;
which was referred to the Committee on Foreign Relations

RESOLUTION

Expressing the sense of the Senate on the policy of the
United States regarding stabilizing the currency of Ukraine.

Whereas the territorial integrity of Ukraine has been compromised by the unlawful annexation of Crimea by the Russian Federation;

Whereas the territorial integrity of Ukraine continues to be under threat because of unlawful provocations by the Russian Federation;

Whereas ongoing economic hardships in Ukraine are being exploited by unlawful separatist elements with allegiances to the Russian Federation;

Whereas strengthening of the economy of Ukraine can help stabilize the unrest in the southern and eastern parts of Ukraine and support the territorial integrity of Ukraine;

Whereas the Russian Federation has declared the Russian ruble to be legal tender in Crimea following its unlawful annexation of Crimea, to circulate in parallel with the hryvnia, the national currency of Ukraine, until January 1, 2016;

Whereas the Russian Federation will exploit currency competition between the ruble and the hryvnia during the period both currencies are in circulation in Crimea in an attempt to portray the Russian-controlled managed economy as superior to Western-style democracy and free markets;

Whereas a stable national currency can be important to facilitate economic growth;

Whereas the hryvnia dropped in value by 35 percent relative to the United States dollar between January and May 2014;

Whereas currency boards have a long record of promoting superior performance in countries with emerging markets by spurring higher economic growth rates, lower inflation rates, and more fiscal discipline than central banks that employ floating exchange rates;

Whereas the establishment of a national currency board for Ukraine can generate a more stable currency and enhance demand for the hryvnia;

Whereas, under a currency board, the hryvnia could be convertible into the United States dollar or the euro, both of which are dominant global reserve currencies;

Whereas the ability to convert the hryvnia into the United States dollar or the euro would help make the hryvnia stable and its exchange more reliable;

Whereas a stable national currency can boost investor confidence and make Ukraine less susceptible to destabilizing rhetoric from the Russian Federation;

Whereas the International Monetary Fund has a long track record of supporting the establishment of currency boards and financial mechanisms that approximate currency boards, notably through the implementation of Article VII of Annex 4 of the General Framework Agreement for Peace in Bosnia and Herzegovina, initialed at Dayton, November 21, 1995 (commonly known as the “Dayton Peace Accords”), which mandated a currency board for Bosnia and Herzegovina;

Whereas the International Monetary Fund can provide the technical expertise necessary to ensure that a currency board run by monetary authorities in Ukraine is implemented properly;

Whereas currency board systems have been designed for other countries in Europe with positive results, including Estonia, Lithuania, and Bosnia and Herzegovina;

Whereas the United States Congress sent a strong message of solidarity with the people of Ukraine by passing the Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014 (Public Law 113–95; 128 Stat. 1088), which included financial assistance for Ukraine; and

Whereas strengthening of the national currency of Ukraine and supporting the institution of a disciplined monetary regime would send a powerful signal of support for Ukraine: Now, therefore, be it

1 *Resolved*, That it is the sense of the Senate that—

1 (1) the United States and Ukraine should ex-
2 amine the benefits of implementing a currency board
3 system as a way to stabilize the national currency of
4 Ukraine and to improve the economy of Ukraine;
5 and

6 (2) if Ukraine decides to pursue the implemen-
7 tation of a currency board system, the United States
8 Secretary of the Treasury should work with the
9 International Monetary Fund to help create a cur-
10 rency board for Ukraine that can assist Ukraine to
11 improve its economy.

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