



## Forum for American Leadership

### U.S. Economic Assistance to Ukraine is About More Than Just Ukraine

June 20, 2023

A prompt Ukrainian victory against invading Russian forces is critical to American national security and economic interests. A notional victory for Russia would signify the triumph of an autocratic adversary over a democratic ally, destabilize existing security and trade arrangements, and provide the People's Republic of China with additional confidence it can invade Taiwan.

Nevertheless, the current level of economic assistance to Ukraine is not sustainable. The U.S. Congress has [appropriated](#) more than \$113 billion in aid since Russia first invaded Ukraine. Of that \$113 billion, \$68 billion was appropriated for military aid, with the remaining portion being dedicated to humanitarian and economic assistance. This includes [\\$22.9 billion in](#) direct budget support for the Ukrainian government, which had helped keep the country functioning and maintained the ability of its military to continue retaking territory from Russia.

Too aggressively scaling back assistance to Ukraine would risk undermining U.S. interests and investments to date. This [Forum for American Leadership](#) brief outlines five key mechanisms by which the U.S. can promote a Ukrainian victory while maintaining a sustainable level of support.

1. **Place a percentage cap on U.S. budget support to Ukraine based on burden sharing with other allies.** The continued provision of U.S. *military* aid to Ukraine serves both American and Ukrainian interests. Thus far, the U.S. military has utilized the conflict as an opportunity to shed older generations of legacy weapons systems for the Ukrainian defense, using backfill funding to procure new, state-of-the-art defense technologies for the American military. However, decreasing U.S. direct *budget* support to Ukraine—which has helped prop up the Ukrainian economy—provides an opportunity to limit U.S. aid to a sustainable level. To date, the United States has provided the lion's share of support to Ukraine, despite the vital economic and security interests at stake for other European countries. Europe, therefore, should do more to provide immediate economic assistance, and play an outsized role in post-war Ukraine reconstruction efforts. The U.S. can ensure greater European cooperation by *placing a cap on American budget assistance*, stating that Washington will not provide more than 35 percent of total budget aid to Ukraine, mirroring the [U.S. role](#) in other multilateral humanitarian funds. In doing so, the U.S. can incentivize Europe to step up its commitment to support the Ukrainians while ensuring that U.S. aid packages are part of a fair burden sharing. Kyiv wants and needs America to be involved, and U.S. companies are eager to play a role in rebuilding the country.
2. **Keep out China.** A Russian victory over Ukraine would send a signal to China that invading Taiwan is a viable option. It is clearly in China's interest that Russia win the war. The U.S. and Europe, therefore, must ensure that does not happen. The U.S. and its allies should work now on a post-war reconstruction program that *prevents China from having any substantive role in the rebuilding of Ukraine*, something the Ukrainians will

likely appreciate given the heavy support China has given Russia during the conflict. This includes engaging the private sector to develop alternatives to Huawei and ZTE, the current providers of Ukraine's technology backbone. One good model is how Starlink helped maintain Ukraine's internet access at the outset of the war. This also includes aligning support from the U.S. Development Finance Corporation and similar programs from European countries to provide a robust investment framework to mobilize private capital and fund Ukrainian reconstruction.

3. **Ensure a credible oversight mechanism for U.S. assistance.** Currently, the Biden Administration is failing to provide Congress with the necessary information regarding the aid they are sending. This needs to change. The first step in any effort to ensure accountability in Ukraine should be more transparency from the current administration. In order to promote transparency, protect against corruption, and ensure the most effective use of aid dollars, it is critical that the U.S. *conduct robust oversight of aid to Ukraine*. Various mechanisms exist by which the U.S. government can track its aid to Ukraine, including the [joint oversight](#) of the Ukraine response being conducted by the inspectors general of USAID, the Department of Defense, and the Department of State; the Government Accountability Office; and direct Congressional oversight.
4. **Utilize frozen Russian Central Bank Assets as a source of funding for Ukraine's reconstruction.** More than [\\$300 billion](#) of Russian Central Bank assets are reportedly frozen, and under international law, there is a legal basis for *transferring these frozen reserves to Ukraine*. Bipartisan legislation has been [introduced](#) in Congress to do just that. Such a transfer would have multiple benefits. It would weaken Russia's financial position, while providing Ukraine with much needed funds to rebuild. Moreover, the reserves would reduce the need for American budgetary aid to Ukraine and demonstrate to American adversaries that the U.S. will use all available means to protect our allies and interests around the world.
5. **Demonstrate U.S. support for freedom.** What happens in Ukraine will not stay in Ukraine. As prior global conflicts have demonstrated, U.S. adversaries will take advantage of perceived American weakness to undermine and attack our allies, threatening our interests across the globe. Continued assistance to Ukraine will both weaken Russia's ability to threaten global stability and democracy, and will *send a message that we stand by our friends and allies*. A Ukrainian victory with staunch support from the United States and its allies will promote freedom and democracy while defending U.S. interests. Conversely, a Russian victory will boost the morale of U.S. adversaries, encourage aggression, and diminish freedom around the world.

*This paper is a product of the Forum for American Leadership's [International Development Working Group](#).*

---

*The Forum for American Leadership (FAL) is a non-profit organization that presents expert analysis and national security recommendations to policymakers in Congress and the Executive Branch.*

