U.S. DEPARTMENT OF THE TREASURY

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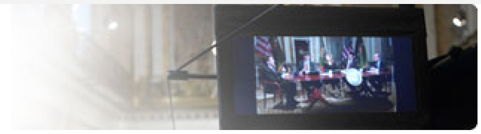

Remarks of Secretary Jacob J. Lew at G-20 Press Conference

9/21/2014

As prepared for delivery

CAIRNS, AUSTRALIA - Welcome, and thank you for joining us.

As we meet this weekend, the U.S. economy continues to be a source of strength in the global economy.

United States GDP grew by a robust 4.2 percent annual rate in the second quarter of this year, and private sector economists forecast healthy growth in the second half of this year and through the end of next year. The unemployment rate is at a six-year low, and the private sector has created 10 million jobs in the last 54 months —the longest stretch of uninterrupted job growth in our nation's history. Our auto industry is thriving, and our manufacturing base is rebounding. And over the past four years, we have improved our nation's fiscal position markedly and cut our federal budget deficit by more than half. Even as we continue to work to ensure that we build on these gains and ensure they are felt more broadly, it is clear how far we have come since the global financial crisis.

In the wake of the financial crisis, the United States implemented an ambitious financial reform agenda, which includes ending the notion that any financial firm is too big to fail as a matter of law. As we worked to complete implementation of our domestic reforms last year, I called for an international race to the top on financial reform to help ensure a safer, sounder global financial system and to raise standards globally. I am pleased that at this G-20 meeting, the largest economies of the world have taken the next step towards eliminating the risk that any firm is too big to fail by coming to a broad consensus on total loss absorbency capacity. This important standard will help facilitate the orderly resolution of systemically important banks, and protect taxpayers from bearing the burden of any global bank's failure. This builds on our efforts to strengthen bank capital and liquidity, reduce leverage, and shed light on opaque OTC derivative markets. This achievement represents an important milestone in the efforts to end too big to fail.

Since we last gathered in Sydney, growth in the Eurozone and Japan has been disappointing, and growth forecasts have been revised downward. The euro area continues to encounter persistent headwinds, with unemployment still near a record high and inflation at dangerously low levels.

Among G-20 members there is an intensified call for boosting domestic demand in Europe, as part of an appropriate policy mix —fiscal, monetary, and structural. Japan is facing the challenge presented by its economic contraction that followed the increase in its consumption tax, leading to a decline in consumer spending and investment. In addition to the economic weakness of particular advanced economies, many emerging markets, including China, are experiencing slower growth.

In light of these challenges to the global economy, the G-20 has stressed the importance of immediate support for creating jobs, growing the economy, and implementing fiscal strategies flexibly to support demand. This is a significant statement from the world's largest economies.

In the United States, President Obama has put forward specific plans to get this done, including making investments in infrastructure and reforming our business tax system.

For example, the President has put forward a plan to use one-time transition savings from business tax reform to help pay for infrastructure upgrades. The business tax system in the United States has become out of date and distorted, and the President's approach will lower the rate, broaden the base, eliminate wasteful expenditures and special-interest loopholes and help level the playing field. The administration is committed to completing pro-growth business tax reform. While that will take time, there is one loophole that should be shut down immediately - inversions.

While genuine cross-border mergers make the U.S. economy stronger, inversions are often done for tax purposes, not economic ones. The best way to deal with this loophole is through business tax reform with anti-inversion provisions, but until that is completed, Congress should pass anti-inversion legislation as soon as possible. Still, with the pace of these deals on the rise and no clear sign of when Congress will have legislation in place, Treasury is completing its work on administrative action to use our existing authority to limit the economic benefits of inversion. However, let me underscore that administrative action cannot shut the door completely, and Congress will still need to act.

Lastly, we continue to face global challenges.

With regard to Russia's illegal actions that undermine the sovereignty of Ukraine, we stand united with our international partners in holding Russia accountable, and helping to put Ukraine on the path to economic recovery.

With regard to the ebola epidemic, the Treasury Department has been coordinating efforts with the international financial institutions on the economic impacts and has encouraged these institutions to provide financial assistance to respond to this crisis. An international response is critical.

We are working with our international partners to counter the threat of ISIL.

The G-20 is also working together to address climate change. This is an economic issue, and the costs of inaction are too great.

This meeting again demonstrated that our G-20 partners continue to stand together to address these challenges. Thank you.

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