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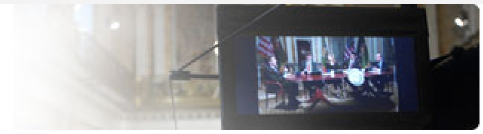

Remarks by Treasury Secretary Jacob J. Lew At The IMF-World Bank Annual Meetings

10/9/2015

As Prepared for Delivery

LIMA – Good afternoon. Let me begin by thanking our hosts at the IMF and the World Bank, as well as the government of Peru, for holding this event and to all of you for joining us.

We meet here in Lima at an extraordinary time, following the conclusion of negotiations of the Trans-Pacific Partnership, an agreement that will increase opportunities for American workers and businesses, level the playing field, and promote open trade and investment across nearly 40 percent of the world’s economy.

The Trade Promotion Authority passed by the U.S. Congress made clear the importance of addressing unfair currency practices. In furtherance of that, our TPP partners announced this week that we are taking unprecedented steps to strengthen our cooperation on macroeconomic and exchange rate policies and promote our shared interest in preventing unfair currency practices.

More broadly, my discussions with Ministers and Governors over the past few days have focused on the critical need to enhance global growth.

The United States economy continues to serve as a key driver of global growth. Consumer confidence is near an eight-year high and improved labor market conditions are boosting income. President Obama’s agenda continues to put federal finances on a sustainable footing while laying the foundation for durable economic growth and broadly shared prosperity. But recent data also reminds us that the United States cannot be the sole engine of global growth. Weakness in the rest of the world is challenging U.S. exporters and is a drag on the U.S. recovery.

The United States Congress must build on these strengths and avoid self-inflicted wounds. As immediate priorities, it must quickly increase the debt limit and fund the government in a way that helps expand middle-class opportunity, and pass IMF quota reform.

There is no doubt that overall global growth is falling short. Euro area growth is modest and its current account surplus is reaching new highs, while Japan is still trying to achieve a durable recovery and escape from deflation.

In discussions with my colleagues this week, I urged countries to more vigorously and effectively use all available policy tools to help reinvigorate global growth. In the face of persistent global imbalances, we need to redouble our efforts to boost global demand, rather than relying on the United States as the consumer of last resort. Economies with large external surpluses should use such room to boost domestic demand, including through fiscal policy and infrastructure investment.

Emerging market growth is also slipping, especially in commodity exporters, which I discussed with many countries, including in this hemisphere. Countries that have stronger macroeconomic frameworks are managing this shock well, but even well managed countries are slowing. China’s growth is slowing, and as it continues to manage a transition to a more consumption-oriented economy, it remains critical to implement their economic reform plan. We appreciate President Xi’s recent pledge not to devalue the Renminbi for competitive purposes.

On Europe, our conversations have focused on the need for ongoing cooperation and reforms to boost economic stability and growth in both Greece and Ukraine. We will continue to urge our European partners to meet their commitments to provide meaningful debt relief to Greece, while emphasizing that the Greek authorities must continue to implement necessary reforms. It is important that the IMF remain engaged with all parties.

On the development side, we fully support the implementation of the 2030 Agenda for Sustainable Development and call on the World Bank and other multilateral development banks to increase their efforts to help countries leave no one behind by eradicating extreme poverty, and making climate-smart investments.

At the Ministerial on Climate Finance, we discussed ways to work in partnership to meet the goal of $100 billion per year investment in mitigation ad adaptation activities by 2020. Finance will be a critical component of the new global climate agreement that we hope to conclude later this year. We reviewed the very significant progress we have made. The United States remains committed to meeting this goal, and I am confident we will reach it.

Finally, and perhaps most importantly, these meetings have focused on the critical need for an adequately-resourced IMF with governance that reflects current global realities. The U.S. strongly supports the 2010 IMF quota and governance reforms, and we are committed to finding a legislative vehicle for their implementation as soon as possible.

For years, the United States has led the IMF and the multinational development system. We have been working intensively with our congress to advance the approval of IMF quota reform, which is in our economic and national security interest. This is a question of will, not capacity.

With that, I’m happy to take a few questions.

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