

U.S. DEPARTMENT OF THE TREASURY

Press Center



Remarks by Secretary Jacob J. Lew at the 2016 Bretton Woods Committee Annual Meeting

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As Prepared for Delivery

WASHINGTON - Good morning. Thank you, Randy, for that kind introduction and for your leadership within this great organization. It is a pleasure to join you all again for this important and timely discussion.

I would like to start with a few words about the United Kingdom's referendum on membership in the European Union. We respect the decision of the voters in the U.K. and will work closely with London, Brussels, and our international partners to ensure continued economic stability, security, and prosperity in Europe and globally. In recent weeks, I have been in regular contact with my counterparts and financial market participants in the U.K., E.U. and globally, and we will continue to consult closely in the days, weeks, and months ahead.

The Bretton Woods institutions were born more than 70 years ago out of a sense of international interdependence, cooperation and responsibility. They helped usher in a period of unprecedented economic gains, lifting people out of poverty and creating conditions for a more peaceful world. We must all build upon that shared responsibility by recognizing that we have the capacity, and political will, to boost growth and overcome the challenges facing the global economy. We must also continue to reform and improve the broader global economic system, including the Bretton Woods institutions, to confront today's challenges. And policymakers must redouble efforts to clearly explain the benefits that flow from these large, global institutions, which can often seem removed from the day to day lives of citizens.

As we move forward, it is important to stress that U.K., European, and global policymakers have the tools necessary to support not just financial stability—but also to promote economic growth. And it is incumbent upon major economies to use all tools available —fiscal, monetary and structural reforms—to boost global demand and create the kind of inclusive economic growth that has been lacking worldwide.

As we work with our partners around the world to advance this critical work, we are reminded again of the importance of U.S. leadership in the global economy. Sustaining that leadership, and adapting it to the challenges of our time, remains indispensable to the well-being of American workers and families, as well as to the ability of the United States to project its values and achieve its larger foreign policy objectives. And to that end, we have worked tirelessly to build and strengthen our position, while using it to promote policies that foster economic growth and opportunity both at home and around the world.

When I spoke to this group last year, Trade Promotion Authority faced an uncertain fate in Congress, the Export-Import Bank lacked congressional authorization, and the path for approval of IMF quota reform remained unclear.

Since then, we have made significant progress. Congress passed TPA last summer, and in the fall we finalized negotiations on the historic 12-nation Trans-Pacific Partnership. In December, a bipartisan breakthrough led to the reauthorization of the Export-Import Bank. And as a result of the concerted efforts of our team at Treasury and many of you in this room, Congress finally approved IMF quota reform. We could also add to this list other achievements, including the Iran nuclear deal reached last summer and the landmark climate agreement reached in December.

These are meaningful accomplishments, but as I noted in a recent Foreign Affairs essay, the case for continued U.S. economic leadership faces a wide range of challenges. In order to confront those challenges and sustain our position in a rapidly changing world, we must take a long-term view of our economic influence and its value to our citizens and the world. History has shown that U.S. economic leadership is vital to the well-being of American workers and families, and has been an essential tool for projecting our values and achieving broader foreign policy objectives.

Those benefits are the central motivation behind the Trans-Pacific Partnership, which will level the global playing field for U.S. workers and firms while getting other countries to meet a high bar on environmental, labor, and intellectual property standards. It would open global markets by connecting U.S. businesses with consumers in many of the world's fastest growing economies. And that is why the President remains committed to securing congressional approval this year.

We also continue to make progress on the Transatlantic Trade and Investment Partnership. Similar negotiations are underway in reaching a Trade in Services Agreement that would deepen integration and influence the development of the global services architecture with countries representing roughly 70 percent of international services output. Going forward, we must ensure that our global trading system continues to set high standards in terms of engagement and more robust protections. U.S. workers need to be able to compete on a level playing field in a world with high standards on labor environmental and ethical business practices.

Beyond quota reform, we continue to work to modernize the IMF, allowing for more candid and forceful review of issues like exchange rates, current account balances, and shortfalls in global aggregate demand. And we need to ensure that the World Bank and the regional development banks have the resources and expertise they need to address today's complex challenges and promote the kind of sustained development that benefits all people in all communities around the world.

In the international financial regulatory system, reforms have already resulted in more rigorous capital standards, greater transparency, and stronger tools for addressing struggling institutions. But we must continue to focus on implementation and potential emerging threats. Financial institutions in the U.S., UK, and Europe just last week demonstrated greater resilience because of this important progress.

As we remain vigilant, we must also keep pace with advancements used by our adversaries. The U.S. and its partner countries have stepped up efforts to combat terrorist financing, corruption, money laundering, and other financial crimes, as they pertain to ISIL and other threats.

Finally, we must all commit to making even greater progress with emerging market economies to address priorities such as open investment, improved implementation of tax policies, and greater financial inclusion.

We know that a system built on cooperation and high standards of economic governance works. Earlier this month, I returned from the Eighth Strategic and Economic Dialogue in Beijing, where our discussions led to a number of important commitments by the Chinese.

The United States and China are the two largest economies in the world and have been the primary engines of global economic growth in recent years, which is why it is so important to maintain close engagement with China as we continue to press them to reform their economy.

China pledged to implement important domestic reforms to coincide with its transition to a consumption-led economy. And we challenged China's policies that disadvantage our firms and workers, including currency practices, trade barriers, and excess capacity in industrial sectors. China committed to undertake further steps to resolve its domestic excess steel capacity and outlined a package of structural reform policies that would enable its steel industry to be more responsive to market forces. While these signs are promising, we know that more remains to be done to further open China's markets and encourage greater foreign business investment, specifically with regard to removing discriminatory trade and investment barriers.

Importantly, we also received commitments from the Chinese that new organizations like the Asian Infrastructure Investment Bank would conform to the high standards set by existing international financial institutions.

For more than 70 years, the Bretton Woods institutions have served our global economic system by providing the foundation for greater international cooperation. This has contributed to both greater economic well-being and geopolitical stability. It is in that spirit that we press ahead to ensure that our modern economic architecture is positioned to confront new sets of challenges.

Thank you for all that you bring to these important discussions. I look forward to taking your questions.

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