

Statement of Secretary Mnuchin for the International Monetary and Financial Committee (IMFC) Meeting



July 5, 2017

IMFC Statement

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I look forward to participating in this spring's IMFC meetings, which provide us an opportunity to assess global economic prospects and to discuss the important role of the IMF in promoting strong, sustainable, balanced, and inclusive economic growth.

The U.S. economy continues to expand at a steady pace, and forecasts suggest stronger growth this year and next. Consumer confidence has risen noticeably in recent months and remains near multi-year highs, while labor market conditions continue to improve. Rising home prices, equity gains, and deleveraging progress have contributed to improved household balance sheets. While increasing, headline inflation remains relatively low, and core inflation is stable.

Nevertheless, the U.S. economy continues to face challenges, with growth last year languishing below pre-crisis levels amid weak business investment. The economy has gone through periods of disappointing performance before, however, and a continuation of this weak growth is not pre-ordained. In response, the Administration is undertaking an ambitious policy agenda that includes tax reform, deregulation, and infrastructure investment to sustainably raise U.S. economic output and employment. In tandem with our domestic reforms we will continue to promote an expansion of trade with those partners committed to market-based competition, while more rigorously defending ourselves against unfair trade practices.

Outside the United States, while the IMF and private analysts expect global growth to expand this year and next, there are questions about how sustainable and broad-based this growth will be. Medium-term growth prospects remain muted due in part to the decline in total factor productivity, continued weak domestic demand, and banking-sector problems in some countries.

Significantly, the global economy continues to exhibit large and persistent external imbalances, which contribute to the sentiment that the existing international monetary and trading system

does not benefit all. In this environment, the United States calls upon the IMF to more robustly fulfill its surveillance mandate in pursuit of strong, sustainable, balanced, and inclusive global growth. This should include strong analysis of member exchange rates and external imbalances in both the External Sector Report and in Article IV surveillance. The IMF should also identify specific policy adjustments at the country level to achieve substantially improved balance in the overall system. We look to the IMF to highlight where surplus countries can more forcefully contribute to support symmetric adjustment in pursuit of a fairer global system.

Countries with large external surpluses and sound public finances have a particular responsibility for contributing to a more robust global economy by deploying fiscal policy aggressively to boost growth and help facilitate global rebalancing. In our view, excessively large trade surpluses, like excessively large trade deficits, are not conducive to supporting a free and fair trading system. Fair and transparent currency practices are also a critical part of ensuring that the benefits of trade are shared equitably. Countries should abide by their exchange rate commitments, including commitments to refrain from competitive devaluation, to not use monetary policies to target exchanges rates for competitive purposes, and to consult closely on exchange rates.

For many decades, the IMF has played a key role in anchoring the international monetary system and in promoting international cooperation to achieve strong, sustainable, balanced, and inclusive growth. We welcome the IMF's role in providing expert guidance and financial assistance in countries as diverse as Ukraine and Egypt. We encourage the IMF to remain steadfast in encouraging the difficult but necessary structural reforms that are critical to sustained and inclusive growth in these countries. We also recognize the IMF's crucial role in helping low income countries achieve macroeconomic stability. In countries like Guinea, Liberia, and Côte d'Ivoire the IMF has been responsive and flexible in rapidly changing circumstances, including the Ebola crisis and severe commodity price shocks.

Targeting and dismantling the financial networks of terrorist organizations is a top U.S. priority, and improving anti-money laundering and counter terrorist financing (AML/CFT) systems is critical to this goal. We welcome the IMF's important work providing technical assistance to member countries to strengthen their regulatory and supervisory frameworks with respect to anti-money laundering and countering the financing of terrorism. It is also imperative that the IMF be a leader in fighting corruption.

We also support the IMF's work on the low-income debt sustainability framework, given rising debt burdens across a number of low-income countries. The IMF should remain vigilant in

monitoring debt levels, assist countries in strengthening debt management capacity, and work harder to avoid another lend-and-forgive cycle, which would damage IMF credibility and jeopardize economic gains in low income countries.

We look forward to continuing international cooperation via the IMF to secure sustainable growth and a more robust and fair global economy.