

Remarks by Secretary of the Treasury Janet L. Yellen at the B20 Summit



October 8, 2021

As prepared

Thank you to our Italian hosts for inviting me to speak today. I appreciate the valuable forum the B20 provides for engagement with global business leaders.

As G20 countries prepare for the upcoming Leaders' Summit and COP-26 meeting, we face a significant moment for the global economy. We are still confronting a shock due to COVID-19 and the associated tragic loss of lives and livelihoods. Whether you work for a global corporation, a small local business, or a G20 finance ministry, we all now know the feelings of isolation, uncertainty, and despair associated with this unforgiving pandemic. At the same time, we face a mounting risk of climate change and a growing divergence between rich and poor countries, threatening to undo decades of work to fight poverty.

These are indeed tough problems we face. Addressing them will not be easy, but we have the potential solutions before us. Today I will discuss three top priorities for the upcoming international meetings. These are issues where the G20 can work together—and with the global business community—in pursuit of a stronger and more sustainable global economy.

FIRST, WE MUST END THE PANDEMIC AND SECURE AN INCLUSIVE GLOBAL ECONOMIC RECOVERY.

In the United States, we are seeing an economic recovery on the back of an ambitious vaccine effort and robust economic stimulus. The American Rescue Plan, passed seven months ago, continues to provide support for families and businesses struggling with the impact of the pandemic. Now, in addition to a strong effort to get all Americans vaccinated, we are working with the U.S. Congress to advance President Biden's Build Back Better agenda to address America's longstanding structural challenges that are holding back our economy and hurting workers and families. This includes investments to modernize our infrastructure, green our economy, support families and our workforce—investments that

will help raise productivity and benefit American businesses. We are also reforming our tax code to make it fairer and help pay for these critical investments.

Of course, the U.S. economic recovery is intertwined with the global economy. To this end, I have encouraged other major economies to continue strong support measures to sustain their recoveries, particularly as new COVID variants have added uncertainty to the outlook.

As major economies are seeing their economies returning to pre-pandemic levels, many of the world's most vulnerable economies lack sufficient resources to support their recoveries and are facing a substantial gap in access to vaccines and medical supplies to manage surges in COVID cases. This growing divergence in the global economy should be a concern to us all. First and foremost because we risk losing decades of progress in alleviating poverty around the world. But also because a divergent recovery is a less resilient recovery. And as long as the virus continues to spread, we're all still at risk.

To that end, the United States has pledged to share over 1.1 billion vaccine doses through next year, and we have already provided over 160 million already. We've also strongly urged our G20 counterparts to step up their support for developing countries. Looking forward, we know this won't be the last global health crisis, and I want to thank Italy for its leadership to enhance pandemic preparedness. Now is the time for big ideas and bold actions, and the G20 should expeditiously agree on concrete financing and health governance reforms to better prevent, detect, and respond to future pandemics.

The G20 is also working to enhance financial assistance to the most vulnerable economies, including through the recent \$650 billion allocation of IMF Special Drawing Rights. Moreover, the G20/Paris Club Common Framework for Debt Treatments will be the primary tool for low-income countries to seek debt treatment. We urge all creditors—public and private—to work together on this initiative.

SECOND, IN THE LEADUP TO COP-26, WE ARE PRESSING FOR URGENT GLOBAL ACTION TO FIGHT CLIMATE CHANGE AND MITIGATE ITS MOST CATASTROPHIC IMPACTS.

The Biden Administration is advancing a bold agenda to tackle the climate crisis at home, and we are committed to working with the G20 and other global partners to confront this existential threat together.

A sustainable recovery should not be an option only for G20 countries; it must be an option for all. That is why President Biden last month committed to double our international climate finance commitments by 2024. I have prioritized climate finance in our international engagements, set new policies to reduce international financing of carbon-intensive fossil fuels, and am urging the multilateral development banks to expediate their alignment with the goals of the Paris agreement and mobilize greater private sector investment.

Treasury is also working as co-chair of the G20 Sustainable Finance Working Group, to improve the information available to market participants that will allow them to fully consider climate issues in financial decision-making and align private capital to a more resilient and sustainable future.

AND FINALLY, WE ARE ON THE PRECIPICE OF A HISTORIC TAX AGREEMENT THAT SIGNALS A NEW ERA OF MULTILATERALISM.

One thing we can likely all agree upon is that there are few subjects more complicated than international tax. It is thus heartening to me to see countries coming together to solve such intricate problems—signaling the capacity to do so in other areas, like climate change.

The international tax agreement will stop the four-decade long race to the bottom on corporate taxation—where tax authorities offer lower tax rates to attract business, leading others to respond with lower rates. In practice, this has deprived our nations of important resources and increased the tax burden on workers.

Right now, the global minimum tax rate is zero, and no countries, other than the United States, have a minimum tax on foreign earnings. That is about to change, as 134 countries, representing more than 90% of the world's GDP, agreed in July to a new international tax framework that will allow nations and businesses to compete on the basis of economic fundamentals—on the skill of our workforces, our capacity to innovate, and the strength of our legal and economic institutions—rather than tax strategies. This agreement will be finalized in the coming weeks, and foreign-headquartered multinational corporations will face a minimum tax in all places they do business, just like U.S.-headquartered multinational corporations do now.

The global deal will stabilize an eroding international tax system that has been plagued by a chaotic array of unilateral measures that reflect growing dissatisfaction with a set of rules

and norms that fail to consider the modern reality of increased globalization and digitalization.

None of these efforts—ending the pandemic, mitigating climate change, or improving the international tax environment—are possible though without the support of the business community. For example, the investment needed to green the global economy is enormous and far exceeds the scale of official finance. Private capital will need to fill most of that gap.

Moreover, businesses have a key role to play in providing the financing and innovation to help the world end the current pandemic and be better prepared to address the next one.

Governments and business alike understand the reasonable pressure from our citizens to make the world a more sustainable, fairer place.

We must respond with action—the cost of inaction is too great.

###