


## U.S. DEPARTMENT OF THE TREASURY

# Keynote Remarks by Secretary of the Treasury Janet L. Yellen at COP26 in Glasgow, Scotland at the Finance Day Opening Event



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*As prepared for delivery*

Glasgow and COP26 is a pivotal moment at the start of this decisive decade of climate action. The climate crisis is already here. This is not a challenge for future generations, but one we must confront today.

Rising to this challenge will require the wholesale transformation of our carbon-intensive economies. It's a global transition for which we have an estimated price tag: some have put the global figure between \$100 and \$150 trillion over the next three decades. At the same time, addressing climate change is the greatest economic opportunity of our time.

Many of the conversations here in Glasgow will rightfully focus on the way we use our public resources to fund climate mitigation and adaptation activities domestically and – for those in a position to do so – to assist other countries in responding to climate change. I agree we all must do more, and the United States is stepping up. President Biden has already announced that we are quadrupling our international climate finance for developing countries by 2024 to more than \$11 billion.

This morning, as part of our continued efforts, I am pleased to join the UK in announcing that the United States also intends to fully support the Climate Investment Funds Capital Markets Mechanism. Through an innovative leveraging structure, this initiative will help attract significant new private climate finance and provide \$500 million per year for the Clean Technology Funds' programming, including the new Accelerating Coal Transition investment program. Partner countries should begin to quickly see the results of this support. Just yesterday President Biden announced an important partnership that the United States, UK, German, French and EU partners have developed with our South African counterparts to help South Africa design an expedited just transition to a clean and low-carbon future that supports affected communities.

And later this afternoon I will be speaking specifically on what we are doing to mobilize climate finance to emerging and developing economies, including our engagement with the multilateral development banks and institutions. I hope you will join me to hear more.

These programs are exciting. But as big as the public sector effort is across all our countries, the \$100-trillion plus price tag to address climate change globally is far bigger. The gap between what governments have and what the world needs is large, and the private sector needs to play a bigger role.

The old notions of why the private sector should decarbonize – because planet must be put before profit – are no longer universally true. Many renewables are now cheaper than carbon-based fuel alternatives and have lower long-term operating costs. Other green technologies have cost curves that continue to plunge. In many cases, it is simply cost effective to go green.

The private sector is ready to supply the financing to set us on a course to avoid the worst effects of climate change. CEOs representing trillions in assets are here to show their commitment. Financial institutions with collective assets under management of nearly \$100 trillion have come together under The Glasgow Financial Alliance for Net Zero, or GFANZ. If these ambitions are realized, those portfolios will be carbon-neutral by 2050 and significantly reduce emissions by 2030.

Questions remain, however: Will enough investment opportunities materialize to absorb all this capital? How quickly can this reorientation occur? And how can institutions transparently report on their commitments so we can hold each other to account on transition plans?

There are a number of actions governments can take to make sure the answers to these questions keep us on a path to net-zero. First, we have an essential responsibility to ensure the resiliency of the financial system to climate-related risks. That is why in May, President Biden issued an Executive Order on Climate-related Financial Risks. In response to that Order, the Financial Stability Oversight Council, which I Chair, produced a report last month on these risks and U.S. regulators' role in addressing them.

This includes actions to enhance climate-related data and disclosures to improve the information available to investors, market participants, and regulators. The report's recommendations represent a significant and vital step towards making the U.S. financial

system more resilient to the threat of climate change. We're working with our partners at the Financial Stability Board and elsewhere to support similar efforts on a global scale.

Next, we need to enhance the transparency and climate-resiliency of our infrastructure projects. Private sector investors frequently note the challenges of inadequate data to assess risk, insufficient risk-adjusted returns in the initial project phase, and a lack of bankable projects. That is why we strongly support efforts to operationalize the G20 Principles for Quality Infrastructure Investment.

These efforts to identify risks must be complemented by measures to help identify opportunities to invest in the firms and technologies that will move us towards decarbonization. And so we have taken a number of actions domestically to clear the way for private capital to support our own transition to a green economy.

This includes outlining a path forward to make vast swaths of public waters available for leasing to build 30 gigawatts of offshore wind-power by 2030. That, I think, sends, a strong signal of policy support to investors looking to deploy climate-aligned capital.

As we meet here in Glasgow, a large infrastructure bill is moving through the United States Congress. It includes enough funding to dot the American landscape with almost 500,000 electric vehicle charging stations, which will accelerate the adoption of electric vehicles. President Biden has also proposed a number of tax credits that we expect will incentivize the buildout of high-voltage capacity power lines and renewable energy generation capacity. We anticipate that they will mobilize tens of billions of dollars in private capital right away.

If all countries come to Glasgow prepared to do their part, COP26 can be a turning point that sets the world on the right course for this decisive decade. We still have a lot of work to do, but I am committed to the task and I know you are as well.

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