

Remarks by Secretary of the Treasury Janet L. Yellen at Bretton Woods Committee's International Council



October 12, 2022

As Prepared for Delivery

Thank you for inviting me to meet with the Bretton Woods Committee. I greatly appreciate the Committee's work in fostering effective global cooperation at this uncertain time in our world economy.


Let me start by saying that we are in the middle of a productive week at the Annual Meetings. We are making progress on a wide range of difficult issues, from food security to poverty alleviation. We are also positioning the multilateral development banks to better tackle a growing number of global challenges. These include climate change, pandemics, and fragility and conflict.

But I want to focus my brief remarks today on the immediate macroeconomic challenges facing the global economy. Specifically, I will focus on the approach that the major economies are taking to lead the world through this moment.

We recognize the difficult and diverse challenges that face the global economy today. Over the past two years, we have dealt with the twin disruptions of the pandemic and Russia's illegal war in Ukraine. There have been shortages in key goods and volatility in the prices of food, fuel, and fertilizer. Many of us face inflation that is too high. Some face both high inflation and weakening growth. Others are facing acute stress on their energy supplies. And on net, the IMF is projecting slow growth both this year and the next.

But my message to you today is simple: this week, the global community is coming together to tackle the urgent challenges that we face. It is our collective priority to put the global economy on surer footing.

Our path forward begins with the jobs we have to do at home. I have discussed with my counterparts our assessments on the current global situation. And we have spoken about the decisive actions that each of us are taking to tackle our individual challenges. In the United States, our top economic priority is to bring down inflation while maintaining a strong labor



market. Our economy remains resilient in the face of global economic headwinds, bolstered by President Biden's economic plan, but we are highly attuned to the risks on the horizon. Many other major economies are facing high inflation as well. They must also continue implementing policies to rein that in.

We will also be attentive to the global repercussions of our policies. Macroeconomic tightening in advanced economies can have international spillovers. This week provides us with an opportunity to strengthen our communication and coordination. The IMF and other international financial institutions play a critical role in making sure that our economic policies remain globally consistent. We know that developing countries, in particular, are often most acutely affected by shocks and spillovers.

I believe that we must be prepared to help countries that fall into distress. The IMF and multilateral development banks have well-developed tools to help countries calibrate their policies and address those in need. All major bilateral creditors should also meaningfully participate in debt relief to help countries regain their footing. Throughout this week, I have been speaking with leaders from around the world about the way global macroeconomic forces are affecting their countries.

We must also continue to advance global solutions to our shared global challenges. Among our top priorities is to work with our partners to mitigate the fallout of Russia's war in Ukraine on energy and food security. The United States and its partners have committed to finalize and implement a cap on the price of Russian oil. And we've coordinated with other countries through the International Energy Agency for the release of oil from emergency reserves. As part of an overall global effort to tackle food insecurity, the United States is committing around \$10 billion this year to deliver food to those who are facing starvation and to build longer-term resilience. And we've worked closely with the international financial institutions and asked them to issue and implement an Action Plan to Address Food Insecurity.

Longer term, the Biden Administration is also committed to working with our partners to build greater resilience, in America and globally, to the types of shocks we've seen. That goal has been at the core of President Biden's economic plan. Let me give you two examples.

First, to strengthen long-term energy security, the United States has enacted the Inflation Reduction Act. It's the most significant domestic action on climate in our history. As we make progress at home, we are also pressing the World Bank and other development banks to raise their climate ambitions while pursuing their existing development priorities. The world's



transition to a clean energy future is critical to saving our planet. And it's critical to reducing our dependence on fossil fuels and the autocratic regimes that often control them.

Second, we are also modernizing our trade relationships and supply chains to make them more resilient to global shocks. "Friendshoring" is our approach to advancing trade that is free and fair – and secure. Global trade brings efficiencies. It helps drive down prices and supports American workers and consumers. At the same time, we have learned from hard experience that supply chain vulnerabilities can impose heavy costs. We know the cost of Russia's weaponization of trade as a tool of geopolitical coercion, and we must mitigate similar vulnerabilities to countries like China.

So, we believe it's important to deepen integration with the large number of countries that we can count on. That includes many emerging markets and developing countries. We also need to build in redundancies in our supply chain to mitigate concentration risks. We are advancing this agenda through forums like the U.S.-E.U. Trade and Technology Council and the Indo-Pacific Economic Framework.

All in all, the global economy faces significant headwinds. But this is no time to retreat. These moments require leadership. The United States and our partners are determined to move forward decisively and collectively. And together, we will shape a better tomorrow.

Thank you. And I look forward to our discussion.

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