Remarks by Secretary of the Treasury Janet L. Yellen at Press Conference as Part of 2023 IMF–World Bank Annual Spring Meetings

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As Prepared for Delivery

Thank you all for being here. And thank you to the World Bank and IMF for hosting the Spring Meetings. I know that it will be a productive week.

Let me begin by outlining a few of our key priorities for this week. Then, I’ll turn to your questions.

A. GLOBAL MACROECONOMY

First, I am looking forward to working with my counterparts on the global macroeconomy. During the G20 in February, I said that the global economy was in a better place than many predicted last fall. That basic picture has remained largely unchanged. Prices of commodities like food and energy have stabilized. Supply chain pressures continue to ease. And global growth projections remain higher than they were in the fall. This progress is due in part to the steps we’ve taken. Those include macroeconomic policies within our own borders and joint actions like the Black Sea Grain Initiative that have helped lower food costs. The price cap is also helping stabilize global energy markets while reducing Russia’s primary source of revenue.

In the United States, our labor market remains strong. Our unemployment rate is near historic lows. Inflation remains too high, although we’ve seen welcome signs over the past half-year that inflation has moderated. As we tackle our immediate challenges, the United States is also making historic long-term investments in the productive capacity and resilience of our economy. For example, the Inflation Reduction Act is spurring a wave of clean energy investments, which will have significant positive spillovers across the globe.

Still, we remain vigilant to the downside risks. For over a year now, the world has contended with the negative consequences of Russia’s illegal war against Ukraine. Many countries are still recovering from the pandemic shock. And in some countries, including the United States, there
have been recent pressures on our banking systems. I’ve been in close communication with my counterparts over the past few weeks on these developments. And I look forward to continuing that dialogue this week.

Here at home, the U.S. banking system remains sound, with strong capital and liquidity positions. The global financial system also remains resilient due to the significant reforms that nations took after the financial crisis. We are committed to continuing this work through bodies like the Financial Stability Board and the Basel Committee on Banking Supervision. Financial regulators across the world are finalizing the implementation of Basel III and addressing vulnerabilities in nonbank financial intermediation. We are also focused on monitoring and adapting our regulatory frameworks to risks posed by digital assets and the changing climate.

B. DEBT OVERHANG

Second, debt overhang remains a significant economic headwind for too many countries. I saw this firsthand in Zambia – whose economy has suffered under the weight of default. More than half of all low-income countries are near or in debt distress. We know that the impacts of debt crises do not respect boundaries; they can have cascading effects on the global economy. In the past few weeks, we have shown that concerted engagement can result in breakthroughs. We are encouraged that China has agreed to provide specific and credible financing assurances in the Sri Lanka case. This has enabled the IMF to move forward with a financial support and economic reform program. It is vitally important that all creditors – including China – now deliver on their commitments. We will also continue to urge action in other critical cases. This includes the completion of debt treatment for Zambia and the rapid establishment of a creditor committee for Ghana.

We also know that there is considerable room for improvement in the international debt restructuring process. This week, ministers across creditor and debtor countries, as well as representatives of private creditors, will convene for the Global Sovereign Debt Roundtable. I look forward to a robust discussion on improvements to the Common Framework process for low-income countries and the debt treatment process more broadly.

C. RUSSIA’S ILLEGAL WAR AGAINST UKRAINE

Third, I look forward to additional coordination with our allies to support Ukraine as it continues to defend itself against Russia. Around this time last year, the world learned of the atrocities committed by Putin’s military in Bucha. One year later, Russia continues its illegal and
unprovoked war against Ukraine. During my trip to Kyiv in February, I saw firsthand the resilience and bravery of the Ukrainian people. And I heard from Ukrainians directly about the critical impact of our continued economic, security, and humanitarian assistance.

The United States is proud to be part of a broad coalition that is supporting Ukraine in its darkest hour. I’m particularly encouraged by the Executive Board’s approval of the IMF’s reform program for Ukraine. This program will contribute to international efforts to meet Ukraine’s economic needs. And it will underpin President Zelenskyy’s good governance and anti-corruption reform efforts. The program will also lay the foundation for Ukraine’s longer-term reconstruction. As President Biden has said, the United States will stand with Ukraine for as long as it takes. I’m encouraged that the IMF, multilateral development banks, and our partners are also standing with Ukraine in its time of need.

D. MULTILATERAL DEVELOPMENT BANK EVOLUTION

Lastly, it’s important to note that we are at an important point of transition for the World Bank. Six months ago, I issued an urgent call for an evolution of the multilateral development bank system. In the 21st century, sustained progress on poverty alleviation and shared prosperity requires building resilience against the global challenges that face us all. These include climate change, pandemics, and fragility and conflict.

I’m encouraged by the progress that we’ve made with a growing coalition of shareholders since my call to action last fall. We are refreshing the World Bank’s mission. We are taking initial steps to improve the Bank’s operational model. And we are responsibly stretching its balance sheet to deliver up to an additional $50 billion of lending over the next decade. This week, I look forward to discussing these important reforms – and many more to come over the course of this year.

I am delighted that Ajay Banga – the U.S. candidate for World Bank President – is committed to continuing this work if selected. He has recently returned from a three-week global listening tour that took him to Africa, Europe, Latin America, and Asia. I believe Ajay has the right leadership and management skills – along with the requisite experience building public-private partnerships – to lead the World Bank at a critical moment in its history. It is more important than ever for the Bank to deliver on its core development goals and the evolution agenda. We look forward to the World Bank Board’s selection.

As you can see, we have a busy week ahead of us. With that, I’m happy to take your questions.