U.S. DEPARTMENT OF THE TREASURY

Remarks by Secretary of the Treasury Janet L. Yellen at Press Conference Ahead of the 2024 Spring Meetings of the International Monetary Fund and World Bank

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As Prepared for Delivery

Thank you for being here today. Before highlighting priorities for this week, I want to address the unprecedented attack on Israel this past weekend by Iran and its proxies. Treasury will not hesitate to work with our allies to use our sanctions authority to continue disrupting the Iranian regime's malign and destabilizing activity.

I. GLOBAL ECONOMIC OUTLOOK AND U.S. ECONOMIC POLICY

Let me now turn to the global economic outlook, which remains resilient. Global growth has consistently exceeded the predictions of many forecasters and the IMF projects it will continue at 3.2 percent this year and 3.1 percent next year.

Global economic performance has in part been powered by a strong U.S. economy. While even one year ago, many forecasted much weaker U.S. economic performance, U.S. GDP growth is strong and expectations have been revised upward since January. The labor market is also remarkably healthy. Inflation has come down significantly since its peak, though we have more work to do. We're also focused on building on our historically fast and inclusive recovery by investing for the medium- and long-term, including through President Biden's Investing in America agenda.

We of course recognize that the recovery has been uneven across and within many countries and that there remain risks to the global outlook. And from the start of the Administration, President Biden has made clear that American isolationism was over. So while we expect that America's economic strength will continue to underpin global growth, we've also been engaging with the world to mitigate short-term risks and support sustainable long-term growth. We'll continue doing so this week.

II. BILATERAL ENGAGEMENTS

As Treasury Secretary, I've focused on deepening economic ties with both our longstanding allies and partners and emerging markets. President Biden and I believe that promoting peace and prosperity abroad leads to stronger markets that can benefit American workers and firms through trade and investment. And deepening ties helps us build resilient supply chains—an approach I've called friendshoring—which bolsters our nation's economic security and brings benefits to other economies.

This week, I'll meet with South Korea and Japan for the first Trilateral Finance Ministers meeting to coordinate on issues from sanctions to climate and financial resilience in the Pacific Islands. I'll participate in a Trilateral Principal Level Exercise with the United Kingdom and European Banking Union to help fortify our systems for rapid coordination and communication during times of financial stress. And I'll continue working with Brazil on priorities for its G20 Presidency—as we worked with India last year and will work with South Africa next year.

I'll also remain focused on our relationship with China. While in China last week, I emphasized that a healthy U.S.-China economic relationship with a level playing field can bring significant benefits for American firms and workers. And I raised concerns the United States shares with many other countries about overcapacity, which poses risks to America and to the global economy. The U.S. and China also announced that we are increasing cooperation in our shared work against anti-money laundering; engaging in exchanges on balanced growth in the domestic and global economies; and expanding ongoing technical exchanges on financial regulation and financial stability.

We'll sustain momentum this week by holding in-person the fourth meetings of the Economic and Financial Working Groups, which allow us to share information, identify potential areas of cooperation, and, when we disagree, frankly communicate concerns. These meetings will include important discussions on anti-money laundering and balanced growth.

III. INTERNATIONAL FINANCIAL ARCHITECTURE

Alongside bilateral engagements, we're focused this week on continuing our efforts to strengthen the international financial architecture. Heightened vulnerabilities from challenges including climate change, pandemics, and fragility and conflict pose risks to global growth and development. No one country can tackle these issues alone, nor is bilateral action sufficient, so we've pushed for decisive and coordinated action.

Since I called for MDB evolution, World Bank President Ajay Banga and leaders across the MDB system have enabled significant progress toward building better, bigger, and more effective MDBs that help uphold the rules-based international order and are positioned to drive tangible impact. We've generated nearly $250 billion in new lending capacity over the next decade: $200 billion from responsibly stretching balance sheets and pursuing innovative measures and almost $50 billion from capital increases we successfully negotiated at the European Bank for Reconstruction and Development and the Inter-American Development Bank.

Looking ahead, we hope to agree on a callable capital increase for the African Development Bank next month. And we're focused on achieving a robust IDA replenishment that provides crucial resources to the world's poorest and most vulnerable countries, as well as on ongoing work to incentivize projects with cross-border impacts, mobilize private capital, and bolster climate financing. The MDBs invested nearly $100 billion in climate finance in 2022, of which $60 billion went to low- and middle-income countries. We're now working with Brazil to facilitate increased access to climate finance through a review of the climate finance architecture.

We're also urging the MDBs to increase their focus on fragility and conflict, which can reverse hard-won development gains, undermine the impact of new investments, and have far-ranging spillover effects such as increasing food insecurity. We see current challenges in Haiti, Africa, the Middle East, and elsewhere, and know more needs to be done, as I'll discuss this week with President Banga and leaders from IDA countries facing these challenges directly.

At the IMF, we're focused on further strengthening the institution's ability to serve at the center of the global financial safety net and play a crucial crisis response function. The U.S. and other countries achieved a landmark 50 percent increase in IMF quota resources. At home, Congress authorized $21 billion in lending to the Poverty Reduction and Growth Trust, which is key to enabling low-income countries to restore macroeconomic stability and address debt sustainability risks, and extended our participation in the IMF's New Arrangements to Borrow through 2030, helping shore up a critical second line of defense in the IMF's resources. As we head into Managing Director Kristalina Georgieva's second term, we'll push for strong IMF programs that incorporate robust policy conditionality to enable countries to restore stability and exit from IMF lending and we'll seek greater collaboration across the IMF and MDBs.

We also continue to urge progress in particular debt restructuring cases, as we've achieved in Zambia, and to advance general reforms through the Global Sovereign Debt Roundtable, which will meet this week. Many countries that are solvent are also facing increasing challenges. In 2022, net inflows to developing countries dropped to their lowest level since 2009. This means too much money flowing out in the form of debt service relative to how much finance is flowing in. We need to examine debt service where it's a binding constraint on necessary investments related to climate and development; channel even more resources to countries making reforms; and deploy all our tools in a coordinated way to support these countries in making key investments.

IV. ONGOING CONFLICTS

Finally, we're focused this week on advancing our work to protect human lives and the global economy in the context of ongoing conflicts.

As Russia's invasion of Ukraine continues in its third year, we remain committed to standing as part of a global coalition to support Ukraine and constrict Russia's ability to wage its brutal war. This is a humanitarian and moral imperative and also an economic one given the war's significant negative impacts on economies around the world. I'm glad that the IMF recently affirmed Ukraine's strong performance on its program and is providing financing and expertise to support economic growth and a robust reform agenda. And I urge the U.S. House of Representatives to provide critical support for our allies, including Ukraine. We announced additional sanctions on Russia's National Payment Card System and on Russian regional financial institutions in February. And we are continuing to work with our international partners to unlock the economic value of immobilized Russian sovereign assets and ensure that Russia pays for the damage it has caused.

We're also responding to challenges in the Middle East. The attack by Iran and its proxies underscores the importance of Treasury's work to use our economic tools to counter Iran's malign activity. We've targeted over 500 individuals and entities connected to terrorism and terrorist financing by the Iranian regime and its proxies since the start of the Administration, including targeting Iran's drone and missile programs and its financing of Hamas, the Houthis, Hizballah, and Iraqi militia groups. From this weekend's attack to the Houthi attacks in the Red Sea, Iran's actions threaten the region's stability and could cause economic spillovers.

As we continue to use economic tools, including against Hamas, we have emphasized Treasury's humanitarian-related authorizations to ensure sanctions do not impede life-saving aid. In Gaza, the entire population—over two million people—faces acute food insecurity and most of the population has been displaced. It is incumbent on all of us here at these meetings to do everything in our power to end this suffering. Finally, to support stability in the West Bank and Gaza, Israel, and the broader Middle East region, we are targeting perpetrators of extremist settler violence in the West Bank, working to ensure a functioning banking system there, and supporting the IMF programs in Jordan and Egypt.

With that, I'll now take your questions.

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