Congress of the United States
Washington, DC 20515

November 23, 2021

The Honorable Janet Yellen
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary Yellen:

We write in appreciation of your support for the $650 billion issuance of Special Drawing Rights (SDRs) by the International Monetary Fund (IMF) in order to advance a global economic recovery and secure urgent relief for developing countries struggling to cope with the fallout of this pandemic. In light of the devastating new turn of the pandemic, with the rise of the Delta variant of COVID-19 newly threatening the health and economic wellbeing of the developing world, we ask for your support in enacting legislation recently passed by the House of Representatives to pursue further use of this tool to alleviate global poverty, allow lower-income countries to purchase vaccines, food, and other essential goods, and strengthen our domestic recovery.

As you know, the world economy experienced an estimated 3.3 percent decline in 2020, compared to just 0.08 percent during the world recession of 2009. While the pandemic reduced wealthy countries' per capita incomes by 2.8 percent a year, developing countries (excluding China) suffered a 6.3 percent per capita income loss annually, pushing 97 million more people into extreme poverty. The Food and Agriculture Organization of the UN found that as many as 161 million more people faced hunger in 2020 than in 2019, and that "compared with 2019, about 46 million more people in Africa, 57 million more in Asia, and about 14 million more in Latin America and the Caribbean were affected by hunger in 2020."

Highly unequal vaccine access has led to just 20 percent of people in low- and lower-middle-income countries receiving a first vaccine dose compared to 80 percent in higher-income countries, with alarming new waves of infections having been recorded in Sub-Saharan Africa, Latin America, and Asia. Developing countries that have managed to obtain vaccines still face major challenges in financing their distribution, including budget shortfalls for healthcare workers' salaries to administer shots, and the painful trade-offs involved in diverting limited funds from other domestic programs for vaccinations. This has led to major global setbacks in the fight against tuberculosis, HIV, and malaria, while also posing a risk to the economic strength, national security, and public health of the United States. It is for this reason that your decision to support the IMF's SDR allocation—at no cost to U.S. taxpayers—is so urgent and welcome.

European allies such IMF Managing Director Kristalina Georgieva, and leading humanitarian, faith-based, labor, and business groups publicly called for this measure. Georgieva, who in March of 2020 noted that "a very conservative low-end estimate of the overall financial needs of emerging markets is $2.5 trillion," later argued that "a new allocation of SDRs would add a substantial, direct liquidity boost to countries, without adding to debt burdens. It would also free up badly needed resources for member countries to help fight the pandemic, including to support vaccination programs and other urgent measures." SDRs, as you know, can be converted into hard currency to purchase essential goods such as food, vaccines, energy supplies, medical equipment, and lifesaving drugs. While the vast majority of SDRs are not converted, they still help reduce low- and middle-income countries' borrowing costs, minimize capital flight, and avoid balance-of-payments and debt crises.

By ending the previous administration's virtually solitary opposition to this IMF proposal, the Treasury Department has ensured that this critical economic lifeline reaches low- and middle-income nations, in accordance with global consensus. Much like its decision to rejoin the Paris Climate Accord and the World Health Organization and support for 100 countries seeking a temporary waiver of intellectual property for COVID-related vaccines and treatments at the World Trade Organization, the Biden Administration's support for SDRs at the IMF sends a clear signal that the United States is once again playing a leadership role in multilateral efforts to solve global crises.

In the three months since the SDRs were issued, many of the most vulnerable countries in the world were among the first to take advantage of them: Chad, Republic of Congo, Antigua and Barbuda, Comoros, Sri Lanka, Lebanon, Ecuador, Malawi, Tunisia, Ethiopia, Guyana, Iraq, Mauritania, Djibouti, and Cabo Verde used all or almost all of their SDRs; Armenia, South Sudan, Haiti and Sao Tome & Principe used up more than half. The amount of SDRs used is 21 times greater than what had been used in the first three months after the 2009 issuance.

SDR allocations help strengthen the global influence and credibility of the IMF, an institution led by the United States and its allies. As China has surpassed the United States as the world's largest economy, the IMF's recent SDR allocation serves as reassurance to the world that a U.S.-led international financial order will intervene, as it did in 2009, to help provide global stability and relief at moments of unexpected distress. The recent SDR issuance provides $233 billion in international reserves to low-income and developing countries, excluding China, compared to just $5 billion in relief provided to these countries by the G20/Paris Club Debt Service Suspension Initiative and $13 billion in IMF concessional lending in 2020.

Finally, in light of Georgieva's conservative estimate of $2.5 trillion of developing countries' financing needs and the latest hardships experienced by the developing world, we ask for your support of a new, larger SDR allocation in partnership with Congress. In July, the House of Representatives passed legislation through its appropriations process to support an additional issuance of 1.5 trillion SDRs to address the enormous scope of this economic crisis. While having no budgetary impact, a new issuance of SDRs authorized by Congress can stimulate U.S. economic recovery by increasing global demand for U.S. exports, helping reverse a loss of approximately 2 million American export-related jobs.

As President Biden observed, “one thing we learned” from the 2009 economic recovery is that “we can’t do too much here. We can do too little. We can do too little and sputter.” A one-time allocation of SDRs may be too little given the continuing upsurges in COVID19 infections worldwide. By further boosting global demand for U.S. exports, assisting in a worldwide economic recovery, easing major spikes in hunger, poverty and disease, and providing financial resources for mass vaccinations abroad at no cost to the United States, a new issuance of 1.5 trillion SDRs remains a vital tool for this administration’s efforts to crush the coronavirus and build back better, both at home and abroad.

Thank you again for supporting an initial SDR issuance in response to this crisis, and, as we work to enact House-passed legislation bicamerally, we look forward to engaging with you to advance this additional 1.5 trillion SDR allocation. We appreciate your responsiveness to the critical step the House of Representatives has taken to resolve the global pandemic, accelerate America’s economic recovery, and save millions of lives worldwide.

Sincerely,

Pramila Jayapal
Member of Congress

Jesús “Chuy” García
Member of Congress

Judy Chu
Member of Congress

Raul Ruiz, M.D.
Member of Congress

Joyce Beatty
Member of Congress