



Resolution 1046 (1994)¹

OECD activities in 1993

Parliamentary Assembly

1. The enlarged Parliamentary Assembly, composed of delegations from OECD and Council of Europe member countries, has examined the activities of OECD, in the light of the organisation's 1993 annual report and the reports established in reply by the enlarged Assembly committees concerned.

Economic policies and co-operation in related fields

2. The world economy is undergoing profound and rapid change, driven by new technology, the rise of new economic centres, globalisation of business and ever fiercer competition. How the international community deals with this challenge will determine its prosperity and prospects for peace. The successful conclusion of the GATT Uruguay Round in December 1993 and the forthcoming establishment of a World Trade Organisation are positive developments toward improved global economic co-operation.

3. Following an unusually long and severe recession, economic activity is steadily gathering strength in the OECD area, aided by greater consumer and producer confidence. Growth in the OECD area is expected to reach 2,6% in 1994 and 2,9% in 1995. The recovery is well established in North America, and it is becoming apparent in an increasing number of European countries. In Japan, economic activity is still hesitant. In a hopeful sign, world merchandise trade is expected to increase by nearly 7% in 1994, approaching the expansion rates of the late 1980s.

4. The overall cautious outlook for OECD member countries contrasts with the much stronger growth rates experienced by countries in east and south-east Asia and Latin America, and by China. The situation in central and eastern Europe varies considerably - from the consolidation observed in for example Poland, the Czech Republic and Hungary, to the continued decline of the Russian economy. Large parts of sub-Saharan Africa show stagnating or even negative growth, and are in need of substantial economic aid.

5. Unemployment in the OECD area is expected to reach an unacceptable 35 million in 1994 or 8,5% of the work force, varying from 6,3% in the United States to nearly 12% in European OECD member countries. Although worsened as a result of the recession, unemployment must be considered a structural phenomenon of the highest importance for the future of society, thus requiring new solutions.

6. Inflation continues to be low, and is expected to stand at 2,1% in 1994 for the OECD area, laying the foundation for stable and sustained growth over the longer term.

1. Assembly debate on 6 October 1994 (29th and 30th Sittings) (see [Doc. 7123](#), report of the Committee on Economic Affairs and Development, Rapporteur: Mr Bloetzer; [Doc. 7158](#), contribution from the Social, Health and Family Affairs Committee, by Mr Gusenbauer; [Doc. 7139](#), contribution from the Committee on the Environment, Regional Planning and Local Authorities, by Mr Motiu; [Doc. 7128](#), contribution from the Committee on Migration, Refugees and Demography, by Mrs Aguiar; and [Doc. 7129](#), contribution from the Committee on Agriculture and Rural Development by Lord Mackie of Benshie). Text adopted by the Assembly on 6 October 1994



7. The enlarged Assembly calls on OECD member countries:

7.1. to continue vigorously to fight unemployment, by pursuing macro-economic and structural policies which produce strong, sustainable and non-inflationary growth and greater employment opportunities. The enlarged Assembly in this context notes the recommendations in OECD's Employment/Unemployment Study, which are founded both on society's solidarity with those out of work and on greater work flexibility, also as regards the mobility of the labour force;

7.2. to concentrate on efforts to raise the educational and skill levels of the work force, in particular for the long-term unemployed and lower-skilled, thereby preparing them for ever more intensive world competition and the greater trade opportunities that result therefrom;

7.3. to consider seriously the possibility of more flexible working time, at the enterprise level, while maintaining productivity and competitiveness;

7.4. to pursue structural reforms, which tackle "social deficits" and enhance macroeconomic policies, thus enabling member countries to adjust to and benefit from the fundamental changes under way in the world economy;

7.5. to continue along the path of reducing budget deficits, an action necessary to contain interest rates and permit sustained economic recovery;

7.6. to reduce national debts by reviewing public expenditure and tax break policies, and by closing personal and corporate loopholes to the greatest possible extent, so as to increase revenues;

7.7. to work towards a reduction of the large current account imbalances which continue to hamper the smooth functioning of the world economy, especially through more open trade and transparency of national economies;

7.8. to implement within the agreed period, and respectfully and effectively, the rules and liberalisation commitments contained in the Uruguay Round package, and to resist protectionism;

7.9. to work towards a reduction of the volatility of currency movements, possibly by agreed target zones for the major currencies.

8. The enlarged Assembly also calls on OECD member countries, in their relations with economies in transition and developing countries:

8.1. to abandon protectionism expeditiously, in their trade and investment relations with these countries, thereby fostering the latter's integration into the world economy, and, through the World Trade Organisation and other multilateral organisations, assist developing and transition countries in the adoption of the rules and disciplines of the multilateral economic system;

8.2. in addition, to consider special measures for the least developed countries, especially in sub-Saharan Africa, to improve their global trade prospects;

8.3. to assist developing countries as they attempt the difficult process of reforming their economies - and to help them establish socially just and environmentally sound market economies based on democracy, human rights, the rule of law and efficient, well-respected institutions;

8.4. to ensure that their investments in development programming are based on sound policies, to engage in a dialogue intended to increase the effectiveness of development activities, and to observe policy coherence among debt, trade, aid and migration policies.

9. The enlarged Assembly also calls on OECD member countries, in their relations with developing countries:

9.1. to pursue implementation of the OECD Development Assistance Committee's (DAC) new policy guidelines, stressing "participatory development" implying the mobilisation of human resources throughout the population in recipient countries, and requiring "good governance";

9.2. in particular to examine, on a regular basis within OECD's Development Assistance Committee, whether the above principles are met.

10. Relative to OECD, the enlarged Assembly:

10.1. welcomes the release of OECD's Employment/Unemployment Study and its decision to carry work forward, including by deepening and differentiating the analysis and policy recommendations for individual countries and in country comparisons;

10.2. calls on the organisation to further develop its work in this field by presenting policy recommendations that will operate on several fronts, including:

removing disincentives to work and hire, through better designed social security and tax systems;

increasing the individual's employability through better education, transition to work and on-the-job training ;

creating new jobs by encouraging the creation and growth of businesses and the diffusion of technology;

adhering to macroeconomic policies that both encourage growth and make it sustainable;

10.3. asks governments and parliaments to do their utmost to follow up the many valuable conclusions and recommendations contained in this study;

10.4. encourages OECD to deepen its considerable work aimed at assisting economic reform in the countries of central and eastern Europe, the Newly Independent States and the economies in transition in Asia. The enlarged Assembly regards the projects launched by OECD's Centre for Co-operation with Economies in Transition as valuable tools toward this end, and asks OECD to ensure adequate co-ordination with other international institutions;

10.5. calls on the organisation to lay the conceptual foundation for a strategy of worldwide trade liberalisation within the framework of the future World Trade Organisation and other Bretton Woods institutions, emphasising the interface between international trade and national policies, in areas such as the environment, labour standards, competition, investment, and subsidies;

10.6. particularly welcomes OECD's recommendation on bribery in international business transactions and endorses the organisation's efforts to promote its effective observance. It draws attention in this context to the Council of Europe's Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime, and the Council of Europe/OECD Convention on Mutual Administrative Assistance in Tax Matters, to which all Council of Europe and OECD countries can accede;

10.7. notes with satisfaction the follow-up given by OECD to a number of recommendations for action made by the enlarged Assembly in its [Resolution 1014 \(1993\)](#) on OECD activities in 1992. These include membership expansion, as well as activities in the fields of fiscal consolidation, potential global capital shortages, the globalisation of capital movements, the longer-term consequences of structural change, and intensified assistance to the economies in transition;

10.8. calls for a study on the apparent worldwide convergence of long-term interest rates, brought about by the liberalisation of capital movements, and on the negative impact of this process on regions experiencing lower economic growth;

10.9. observes, however, that other activities called for in previous Assembly resolutions have not been awarded sufficient attention. These include ways of combating poverty, the importance of sound social policies in achieving economic growth and employment objectives, the means to achieve greater currency stability, and the economic and social implications of reduced military outlays;

10.10. strongly supports the work of OECD's Development Assistance Committee as it develops a strategy to integrate into its policy framework the concept of environmentally sustainable development, ensuring human dignity, as defined by the United Nations Conference on the Environment and Development;

10.11. calls on the organisation to address the serious losses of commodity exporters due to worsening terms of trade, on the understanding that financial compensation could be used to promote diversification of the economies concerned into more promising products or markets.

11. Furthermore, the enlarged Assembly reiterates the call made in its [Resolution 988 \(1992\)](#) for OECD to undertake an annual review of the implementation of the key orientations given in its policy statement, Development co-operation in the 1990s, while taking into account the criteria for development co-operation suggested in that resolution by the enlarged Assembly.

12. Relative to OECD membership, the enlarged Assembly:

12.1. expresses the hope that the accession of new members will serve to strengthen pluralist parliamentary democracy and social justice in these countries;

12.2. welcomes Mexico's recent accession to OECD;

12.3. welcomes the intention of the Republic of Korea to make a formal application for membership this year with a view to becoming a member by the end of 1996 and notes with satisfaction OECD's commitment to starting the accession process as soon as that country is ready to do so;

12.4. notes with satisfaction OECD's commitment to starting the accession process also for the Czech Republic, Hungary, Poland and the Slovak Republic. The enlarged Assembly hopes that it will bring early results, and that it can be extended to other countries which meet the obligations and principles that follow from membership;

12.5. also notes with satisfaction the Declaration on co-operation recently signed with Russia, and hopes that it will establish a forum for detailed dialogue on necessary economic reform in that country;

12.6. welcomes the steadily deepening dialogue with several other countries referred to as the Dynamic Non-Member Economies (DNMEs), and recommends that - apart from criteria such as a market economy and the adherence to a multilateral open trade system - democratic rule and respect for human and social rights should also be taken into consideration;

12.7. welcomes the expanding contacts with other increasingly important economies, such as that of China, and hopes that OECD's contacts with non-member economies will promote the spread of OECD's aims and principles, and enable the organisation to tackle more efficiently the global challenges facing it.

13. The enlarged Assembly is, however, concerned that a considerably enlarged OECD membership may also cause practical difficulties, and encourages the organisation to take the necessary measures to overcome them.

14. Membership criteria should reflect, inter alia, the level of economic development, progress toward democratic government, and willingness to engage in a peer review. Most importantly, membership is contingent on countries assuming all the obligations and responsibilities of membership.

15. It is important that OECD engage in close co-ordination with other international institutions active in the economic field, so as to avoid any overlap of activities.

16. It is important to ensure adherence by all OECD member countries to the obligations and principles that follow from membership, especially as regards an open, multilateral trade system and the free movement of payments and capital. Member countries must preserve OECD's role as an intergovernmental "think tank" for understanding an increasingly complex international reality, for identifying at an early stage upcoming issues and opportunities, and for agreeing on ways to approach them.

17. OECD should continue to focus on conditions in non-OECD countries, and in particular on development in the poorest countries. Given increasing budget constraints and the increasing scope and complexity of Third World demands, continuing efforts to maximize the effective value of aid expenditures are critical. To that end, the DAC should continue to evaluate the quality, relevance and environmental impact of aid, with due respect to the social and cultural values of the receiving countries.

Agriculture and rural development

18. The enlarged Assembly requests governments of OECD member countries and, where appropriate, OECD itself:

18.1. to analyse likely short- and long-term effects of the GATT agreement signed in April 1994 and, to this effect, improve the statistical and analytical instruments necessary for the monitoring of agricultural and rural policy reform, including for the annual monitoring and outlook report on agricultural policies, markets and trade;

18.2. to give particular emphasis to policy measures which would strengthen rural economies;

18.3. to pursue this goal by encouraging local entrepreneurial developments and job creations in the agro-food and related sectors (aquaculture, forestry and fisheries), and in other economic sectors (tourism, telecommunications, crafts) and to give more emphasis to the role of local markets for agricultural and rural development;

18.4. to maintain an adequate level of services and infrastructures in rural areas in order to make the countryside a viable place to live;

18.5. to continue work on the interrelations between agricultural and environmental policy and strengthen the co-operation between the agricultural, the rural development and the environmental committees in this field, paying special attention to policy reforms which would favour the sustainable use of natural resources;

18.6. to increasingly include in such policies evaluation and compensation for the farmer's contribution to the maintenance of common goods, such as the environment and the landscape;

18.7. to work for the introduction of renewable energies and materials that can be produced by agriculture on an economically sound basis, or can make use of agricultural land, including aquaculture and forestry;

18.8. to make this expertise available to the new democracies of central and eastern Europe, as well as other countries in transition, or developing countries, in particular through studies on necessary policy reforms as well as through specific activities dealing with major challenges for the reform process (development of markets, setting up of financial institutions, improvements of education and training);

18.9. to continue and strengthen work on the economic and sustainable management of living marine resources.

Migration, refugees and demography

19. The enlarged Assembly invites OECD:

19.1. to step up its work on the regulation of migration, particularly by helping to boost co-operation between countries of origin and host countries, and by emphasising the close link between migration and development;

19.2. to continue to extend the network of correspondents contributing to the Continuous Reporting System on Migration (SOPEMI);

19.3. to ensure that policies for sustainable development take into account demographic indicators and the social and economic variables which influence them;

19.4. to continue to study the ageing of the population and its consequences for the welfare policies of member states of OECD;

19.5. generally speaking, to strengthen co-operation with the Council of Europe on matters of migration and demography, such co-operation being based on a regular exchange of information relating to the respective work of the two organisations and on the complementary nature of their activities

Environment, regional planning and local authorities

20. The enlarged Assembly invites the governments of OECD member states and OECD itself:

20.1. to introduce energy policies centred on the improvement of energy efficiency, the development of renewable sources of energy and safety;

20.2. to step up international co-operation in order to make more rapid headway with sophisticated, efficient energy technologies;

20.3. to continue appraisal of environmental impact in order to identify the least expensive and most effective solutions;

20.4. to introduce practical and rapid measures which represent a real solution to the key issue of the deterioration of our environment;

20.5. to boost co-operation with countries in a period of transition to enable them to meet the challenge of rapid economic growth without harming the environment.