Parliamentary Assembly
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Resolution 1684 (2009)[1]

Activities of the Organisation for Economic Co-operation and Development in 2008-2009

Parliamentary Assembly

1. For the purpose of debating the activities of the Organisation for Economic Co-operation and Development (OECD), the Parliamentary Assembly of the Council of Europe meets annually in an enlarged forum including delegations from the non-European member states of the OECD and the European Parliament. The enlarged Parliamentary Assembly has reviewed the activities of the OECD in 2008-2009 in the light of the OECD's latest annual report, the report submitted by the Assembly's Committee on Economic Affairs and Development, and the contributions of other Assembly committees in the fields of health and social policy, the environment, agriculture, migration, education and science.

OECD enlargement

2. The enlarged Assembly hopes for progress towards full membership of Chile, Estonia, Israel, the Russian Federation and Slovenia. Furthermore, the enlarged Assembly looks forward to the further participation of Brazil, China, India, Indonesia and South Africa in the substantive work of the OECD under the "Enhanced Engagement" programmes, leading up to accession talks, as well as to further co-operation between the OECD and South-East Asia as a priority region. The enlarged Assembly believes that full respect for democracy, human rights and the rule of law, including international law, should constitute an essential criterion for judging whether a candidate country should be invited to join the OECD.

Global economy

3. The enlarged Assembly deplores the depth and effects of the current recession, which the OECD in its June 2009 *Economic Outlook* characterises as "the deepest decline in post-war history", and which has brought some countries to the brink of bankruptcy. The OECD estimates that output in the OECD economies will fall by 4.1% this year, with an ensuing recovery "likely to be weak and fragile for some time to come". The enlarged Assembly especially emphasises the severe impact of the crisis on unemployment and the continuing challenges this poses to governments. Unemployment will peak in 2010-2011 at double digit levels in many countries. The enlarged Assembly believes that more resources should be channelled to supporting employment.

4. The enlarged Assembly welcomes the OECD's September interim assessment, based on recent indicators to be taken with due caution, that a tentative recovery has begun. Such signs of recovery identified by the OECD include, in the United States, stronger than expected retail sales and manufacturing orders and a slowing of the rise in the number of unemployment benefit claims, together with more positive indicators of confidence among manufacturers and consumers, also apparent to a degree in Europe, with better than expected second-quarter growth figures. Although financial market conditions have shown improvements, concerns remain about the health of the banking sector.

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1. *Assembly debate* on 30 September 2009 (31st Sitting) (see Doc. 11985, report of the Committee on Economic Affairs and Development, rapporteur: Mrs Lilliehöök; Doc. 12024, contribution from the Social, Health and Family Affairs Committee, spokesperson: Mr Volonte'; Doc. 12041, contribution from the Committee on Migration, Refugees and Population, spokesperson: Mr Agramunt; Doc. 12042, contribution from the Committee on Culture, Science and Education, spokesperson: Mr Kaźmierczak; and Doc. 12019, contribution from the Committee on the Environment, Agriculture and Local and Regional Affairs, spokesperson: Mr Vis). *Text adopted by the Assembly* on 30 September 2009 (31st Sitting).

5. The enlarged Assembly is concerned by the OECD's warning about the generally deteriorating state of member countries' public finances, with debt ratios in some that have reached record and unsustainable levels. It urges the OECD and its member states and those of the Council of Europe, as well as the International Monetary Fund (IMF), to monitor the situation closely with a view to bringing the situation under control as soon as the financial and economic crisis permits. In the meantime, member states should pursue or resume the process of structural reform designed to return their economies to a sound footing in order to position themselves better to withstand future crises.

6. The enlarged Assembly welcomes the OECD's "Strategic Response to the Crisis" designed to bring forward proposals in support of G20 action to counter the effects of the recession in a range of areas, notably the resolution of the financial sector crisis, corporate governance, pensions and financial education, as well as strategies for maintaining open markets and measures to improve tax transparency and co-operation. The enlarged Assembly underlines the particular importance of international co-operation with a view to strengthening supervision of the financial sector and invites the OECD, in co-ordination with the other international economic and financial institutions concerned, to pursue vigorously its efforts to help end the crisis and to prevent such episodes in the future.

7. The enlarged Assembly welcomes the conclusions of the OECD Ministerial Council meeting of 24 and 25 June 2009, adopted by the OECD member states and accession countries and relevant for all open market economies, and the strong emphasis they place on implementing structural reforms needed to transform the current policy-driven recovery into self-sustained growth.

8. The enlarged Assembly encourages the member countries of the Council of Europe and the OECD to take account of the significant input by the OECD to the G8 process, which involves substantive co-operation in areas ranging from taxation and market integrity to development. At their summit held in L'Aquila from 8 to 10 July 2009, the G8 leaders welcomed the continuing support provided by the OECD to the G8+G5 process through its analytical contributions and the work of the OECD's Heiligendamm L'Aquila Process Support Unit, which will continue to focus on investment, innovation, energy and development, and will start addressing vulnerable states and food security.

9. In particular, the 2009 G8 Summit welcomed the OECD's work on tax transparency and asked the OECD to continue its efforts by expanding participation in the Global Forum on Transparency and Exchange of Information for Tax Purposes, establishing a peer-review process, considering a multilateral approach for the exchange of information and developing a set of effective countermeasures. The global forum has since met and established the peer-review mechanism. In this context, the enlarged Parliamentary Assembly urges the OECD and the Council of Europe to update the Convention on Mutual Administrative Assistance in Tax Matters (ETS No. 127). The enlarged Assembly also emphasises that in the matter of tax information exchange agreements, it should be made quite clear that respect for normal bank confidentiality must be the rule, and that only in cases of tax fraud or other criminal activity should it be lifted. The enlarged Assembly also asks the OECD to study the effectiveness of the Tax Information Exchange Agreement system in relation to the claims made for it.

10. The enlarged Assembly encourages the OECD to reflect further as to the nature and operation of today's market economy and that of financial markets in facilitating the production of goods and services, the implications of government ownership of the means of production, and the nature of an economic and financial system based on sound and sustainable principles. The enlarged Assembly also calls on the OECD to make a detailed study and recommendations concerning the global imbalances, for example as between China and the United States in savings, consumption and investment rates, that contributed to the present crisis and which still may not be resolved. Taking note of both the serious effects of the downturn on middle-income economies, including those in central and eastern Europe, and of the important role of the emerging economies such as Brazil, China, India, Indonesia and South Africa in the global economy, the enlarged Assembly invites the OECD to expand its coverage of these economies in its work.

11. The enlarged Assembly notes with concern that the OECD forecasts a staggering 16% drop in world trade in 2009 compared to 2008 and urges all countries to avoid any steps, including domestic support measures, that could provoke protectionist reactions, and to maintain open markets and free trade. While a successful completion of the Doha Round trade negotiations would be welcome, its impact on the crisis and its development dimension are still unclear. Many bilateral and multilateral trade agreements contain commitments that circumscribe the ability of countries to respond to the current crisis with appropriate regulatory, structural, and macroeconomic reforms and rescue packages, and may have exposed them unnecessarily to the contagion from the failures elsewhere in the global economic system. In this context, the enlarged Assembly welcomes the promising results of the OECD's co-operation with the World Trade

Organization (WTO) in promoting assistance for the low-income countries with a view to increasing their trading capacity. Developing countries especially need policy frameworks that can help protect them from regulatory and macroeconomic failures in systemically significant countries.

12. The enlarged Assembly urges the OECD to investigate the role its past policy advice played regarding the vulnerability of monetary, financial and economic systems to crises. It asks the OECD to present the results to the Parliamentary Assembly within ten months. This investigation could provide valuable lessons for the OECD in order to improve its future policy advice.

13. The enlarged Assembly welcomes the OECD's efforts to promote international investment under such principles as non-discrimination, and encourages the OECD to continue to monitor and report on international investment measures, in co-operation with the United Nations Conference on Trade and Development (UNCTAD), the WTO and the IMF, as well as under the Freedom of Investment Project.

14. The enlarged Assembly notes with satisfaction that in 2008, total net official development assistance from members of the OECD's Development Assistance Committee increased by 10.2% in real terms to US $119.8 billion, the highest ever recorded in dollar terms. However, this represents only 0.3% of members' combined Gross National Income, well short of the United Nations target of 0.7%. The enlarged Assembly welcomes OECD's new partnership with the African Development Bank to support the efforts of African governments and business to fight bribery and corruption and enhance corporate integrity. The enlarged Assembly stresses the importance of the OECD's work to evaluate and improve the results and effectiveness of aid, in line with the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008).

15. The enlarged Assembly welcomes the work of the International Energy Agency (IEA), within the OECD framework, to forecast energy needs and promote rational energy policies. It notes and endorses the IEA's call for massive investment in energy infrastructure to maintain long-term energy supply, not only in oil and gas but especially in non-fossil fuel alternatives, for increasing energy efficiency and for maximising energy security through diversification of the energy mix.

Social and health policy

16. The enlarged Assembly is deeply concerned by the growing unemployment rate in the OECD countries, which is projected to rise through 2010, approaching a new post-war high of 10% with 57 million unemployed, according to the "2009 OECD Employment Outlook" report. In this regard, the enlarged Assembly welcomes the OECD Restated Jobs Strategy, a tool of current relevance which provides a framework for assessing policy responses to support those most affected by the economic downturn. Attention should remain focused on vulnerable groups particularly affected by the crisis: youth, immigrants, low-skilled and older workers and those with temporary contracts, who may all become trapped into long-term unemployment. In addition, both academics and policy makers should pay special attention to the situation of families and propose concrete support measures when formulating social cohesion strategies and planning a response to the current crisis.

17. Furthermore, considering that people in lower socio-economic groups tend to have higher rates of disease, disability and mortality, the enlarged Assembly encourages the OECD to further examine national prevention health-care and health-promotion policies aimed at reducing inequalities in health status and ensuring adequate or equal access based on need.

Environment and agriculture

18. The enlarged Assembly expresses its concern about the effects of the economic crisis on the environment in general, and invites states to continue their efforts to reduce the risks resulting from climate change and to ensure that the development of renewable energies is not neglected for economic reasons. It takes this opportunity to welcome the adoption, at the meeting of the OECD Council at ministerial level on 25 June 2009, of the "Declaration on Green Growth", which invites the OECD to draw up a green growth strategy in order to achieve economic recovery and environmentally and socially sustainable economic growth.

19. The enlarged Assembly welcomes the OECD's work on the economics of climate change as an important contribution to the ongoing international negotiations, helping countries to put the follow-up agreement to the Kyoto Protocol, designed to regulate climate change post-2012, onto a solid economic footing and to put in place cost-effective policies for tackling climate change.

Migration and population

20. The enlarged Assembly commends the work undertaken by the OECD in seeking responsive, fair and effective migration and integration policies that could adjust to the current crisis and beyond. It encourages the OECD to invite its members to step up efforts towards working out functional, coherent and long-term

migration management policies with a view to maximising the benefits of migration. Channels of regular migration should remain open with a view to meeting continued demand for migrant workers, thus helping to prevent irregular migration and trafficking in human beings.

21. The enlarged Assembly remains particularly concerned about the protection of the rights of migrants and equality of treatment during the economic downturn and, to this end, calls upon the OECD to seek guarantees from its member countries that the rights of migrants are adequately and effectively protected in terms of human rights, working and living conditions, as well as in the event of loss of employment, and that migrants are offered adequate protection from any form of discrimination and xenophobia.

22. The enlarged Assembly urges the governments of OECD countries to strengthen their co-operation with developing countries, including by promoting measures to facilitate remittance flows through initiatives of tax deductibility of both remittances and money placed in special savings accounts to support development projects; by reducing obstacles to returns through improved assistance, greater protection of social rights and transformation of the potential of these returned migrants into brain gain; and by addressing the risks of brain drain through responsible recruitment policies.

23. The enlarged Assembly notes with concern the increasing hostility to migration and immigrants in public opinion. It therefore encourages the OECD to join efforts and support awareness-raising projects, in particular through public media, about the valuable economic and social contributions made by migrants. Additionally, it encourages the OECD to work with civil society groups, and notably with diaspora associations, with a view to challenging the stigmatisation of migrant workers.

Education and science

24. The enlarged Assembly welcomes the organisation of a meeting with the Governing Board of the Programme for International Student Assessment of the OECD and the International Association for the Evaluation of Educational Achievement in order to explore the pedagogical and ideological grounds of their work and examine the possibility of expanding the scope of their assessment to include civic awareness, creative skills and cultural education.

25. The enlarged Assembly again encourages the OECD to pursue its studies on the efficiency of teaching and learning processes in order to formulate proposals to reverse the existing trend of increased educational expenditure with no improvement in educational results. Improving the efficiency of learning processes is essential in order to tackle the current insufficiency in adult competencies and to ensure the sustainability of adequate lifelong learning and continuing education systems.

26. The enlarged Assembly encourages the OECD to consider looking into entrepreneurial thinking and behaviour treated as a factor of increasing the knowledge-based model of economy as – in particular in countries with more centralised economies – all activities geared to improving entrepreneurial thinking and behaviour, especially in the younger generations, could be important and effective factors for both economic and social growth.