Resolution 1951 (2013)[1]
Final version

The activities of the Organisation for Economic Co-operation and Development (OECD) in 2012-2013

Parliamentary Assembly

1. The Parliamentary Assembly of the Council of Europe, enlarged to include the delegations of the national parliaments of the Organisation for Economic Co-operation and Development (OECD) member States which are not members of the Council of Europe, as well as a delegation of the European Parliament, is once again considering the activities of the OECD. The enlarged Assembly has reviewed the activities of the OECD in 2012-2013 in the light of the reports by the organisation and the report prepared by the Committee on Political Affairs and Democracy.

2. In line with the objectives of the Assembly's reform and the desire to make the debate more political, the present report on the activities of the OECD focuses on the challenges to citizens' trust in democratic institutions posed by ineffective policy responses and by evidence of fiscal injustice in the course of the ongoing economic and employment crisis.

3. The enlarged Assembly notes the context of the world economy against which the activities of the OECD have been conducted in 2012-2013. There are at last signs of a recovery, most notably in North America, Japan and the United Kingdom, and the euro area as a whole is no longer in recession. A sustainable recovery is, however, not yet firmly established and unemployment remains high.

4. In terms of promoting growth of the global economy, it is essential that the OECD strengthen relations between both member countries and non-member countries that play an important role in the world economy. In this context, the enlarged Assembly notes with satisfaction that negotiations for the accession of the Russian Federation to the OECD are continuing. It also notes the OECD decision to embark on a new round of accessions as set out in the Resolution of the (OECD) Council on Strengthening the OECD's Global Reach, with an invitation to Colombia and Latvia to begin accession discussions this year and with a view to taking decisions to open accession discussions with Costa Rica and Lithuania in 2015. Furthermore, the enlarged Assembly also welcomes the OECD's decision to launch the regional programme for South-East Asia to strengthen its ties with the strategic priority countries in addition to the close collaboration with its key partners.

5. Against the background of a hesitant global economic recovery, the OECD Secretary-General has set an agenda for the Organisation for the coming year covering three broad areas: inclusiveness and growth; interconnectedness for growth; and institutions and governance for growth. At national level, governments urgently need to restore growth and competitiveness, reduce unemployment, in particular among young people and the long-term unemployed, rebuild confidence, address inequalities and boost job quality. At the same time, governments face global challenges including the further deepening of globalisation, poverty, rapid population ageing, migration, climate change, growing natural resource scarcity, and a global economy based on knowledge and skills.

1. *Assembly debate* on 1 October 2013 (30th Sitting) (see Doc. 13301, report of the Committee on Political Affairs and Democracy, rapporteur: Mr Van der Maelen; and Doc. 13313, opinion of the Committee on Social Affairs, Health and Sustainable Development, rapporteur: Mr Ghiletchi). *Text adopted by the Assembly* on 1 October 2013 (30th Sitting).

6. Development is at the core of efforts to achieve a fair and equitable global economy. With the 2015 deadline for the Millennium Development Goals now close at hand, the enlarged Assembly welcomes the OECD's drive in the context of its Strategy on Development to achieve Policy Coherence for Development and to strengthen engagement and knowledge sharing with developing countries. It looks forward to further progress in mainstreaming development into the Organisation's work.

7. Adequately resolving environmental challenges will be crucial to successful global development. With this in mind, the enlarged Assembly welcomes the OECD's efforts to mainstream its Green Growth Strategy into core policy areas, while it continues to emphasise the importance of innovation. It looks forward to further progress in the OECD's work on indicators and other measurement tools and in its drive to integrate green growth considerations into regional and multilateral policy.

8. Successfully addressing the employment crisis is one of the biggest challenges facing governments. The enlarged Assembly welcomes ongoing work in the context of the OECD's Skills Strategy, launched in May 2012, to ensure that today's young people are equipped with the skills that will be needed in tomorrow's changing employment market. Important milestones will include the launch in October 2013 of the OECD's first Skills Outlook, based on the results of its Survey of Adult Skills (as part of the Programme for the International Assessment of Adult Competencies – PIAAC), and the publication in December 2013 of the latest results of the Programme for International Student Assessment (PISA) a triennial evaluation of competencies of 15-year-old school students. The enlarged Assembly invites the OECD to work with national governments to develop integrated approaches at both national and local levels that cover not only how skills are provided by education and training systems, but also how firms promote the acquisition of the skills they need and how they utilise them in the production process.

9. The enlarged Assembly recognises the importance of addressing social inequities and implementing suitable measures to alleviate employment issues as part of the achievement of sustainable and inclusive growth, which will help restore confidence in our governance systems. In this context, the enlarged Assembly welcomes the fact that the 2013 OECD Ministerial Council adopted the Recommendation on Gender Equality in Education, Employment and Entrepreneurship and committed to deliver progress on gender equality. It also encourages the OECD to strengthen its efforts to address inequalities.

10. While the enlarged Assembly notes the necessity for many OECD member States to deal with a sovereign debt crisis, it also supports the call of the Trade Union Advisory Committee to the OECD (TUAC) that, "financing fiscal consolidation through cuts in public services, in social security and pensions would only prolong the jobs crisis and risk a social crisis".

11. Holistic policies taking account not only of employment challenges but of all aspects of individual countries' economic realities hold the key to successful emergence from the crisis. In this context, the enlarged Assembly notes with satisfaction the ongoing work in the framework of the OECD's New Approaches to Economic Challenges (NAEC) initiative. Launched in May 2012, this endeavour to draw lessons from the crisis aims to promote a broader notion of growth that also considers other important outcomes such as well-being, inclusiveness and environmental sustainability. The enlarged Assembly furthermore invites the OECD to use this initiative to examine the risks posed by covert banking activities and propose measures for improving supervision and regulation, as recommended by the G20 Summit held in St Petersburg on 5 and 6 September 2013.

12. The enlarged Assembly recalls the OECD Secretary-General's response to the Assembly last year that, "OECD policy advice should be strengthened by continuing to upgrade [its] analytical skills". Therefore it urges the OECD to press ahead with the NAEC initiative with a view to reporting at the 2014 Ministerial Council on the NAEC, including clear policy proposals. The Assembly also recognises the need for each government to restore confidence by adopting reform measures promoted through the NAEC proposal.

13. At a time when the crisis and its fallout have undermined citizens' confidence in democratic institutions, policy makers need to take steps to rebuild trust in government. The OECD is developing a policy agenda on trust designed to support efforts to build more effective, more transparent and more open government institutions. OECD work focuses on giving citizens a stronger voice in policy development, making institutions more responsive to user needs and enhancing the flow of information between governments and citizens. In addition, building trust in government action means ensuring high standards of integrity, particularly in high-risk areas such as lobbying, public procurement and political financing. In today's increasingly complex and interconnected global economy, it is of paramount importance that the burden of financing government expenditure on necessary services and infrastructures should be seen to be fairly shared. The enlarged Assembly welcomes the OECD's work on transparency, accountability and integrity issues.

14. The OECD has also increased its co-operation with key partner countries (Brazil, China, India, Indonesia and South Africa) and regions (South-East Asia, the Middle East and North Africa (MENA) region, Latin America and Africa), and plays a key role in supporting the G8 and G20 processes. It contributes to the latter with analysis and data to better inform discussions on a variety of economic, social and environmental issues, including those linked to structural reforms in the context of the "Framework for strong, sustainable and balanced growth": employment, financial education and consumer protection, anti-corruption, green growth, fossil fuel subsidies, trade and investment and taxation. The organisation also plays an active role in supporting the economic, social and political development of the MENA region, in connection to the Deauville Partnership.

15. The enlarged Assembly also welcomes the OECD's work on interconnectedness for growth, in particular the creation, with the World Trade Organization (WTO), of a new database on Trade in Value Added and its work on Global Value Chains. This work has the potential to change our understanding of global trade, investment and production patterns, highlighting the importance of trade facilitation and service liberalisation, and leading to a better measurement of both the gains from trade and the costs of protectionism.

16. The OECD has taken a lead role in the international drive to ensure tax fairness by cracking down on aggressive tax evasion. Governments' taxation policies, however, will also have to be adapted to an increasingly globalised economy to ensure adequate fiscal revenues and to maintain sound public finances. In this context, the enlarged Assembly welcomes the OECD's work on Base Erosion and Profit Shifting (BEPS) and in particular the comprehensive and ambitious G20/OECD Action Plan released in mid-July 2013 to address BEPS. The enlarged Assembly urges the OECD to continue to take a determined lead in reforming international rules for the taxation of multinational corporations so as to adequately reflect production and trading practices in today's global economy. In addition, it recognises the importance of governmental collaboration to co-ordinate tax systems and thereby ensure that tax payers have confidence in them.

17. To ensure fair taxation of global profits and enhanced tax compliance, the enlarged Assembly urges the OECD to:

17.1. improve data collection on BEPS as such data are critical to monitoring the future implementation of the G20/OECD Action Plan, including identifying the types of data that taxpayers should provide, as well as the methodologies for analysing these data to assess the likely economic implications of BEPS and actions taken to address BEPS;

17.2. promote the obligation for transnational corporations to produce comprehensive global financial reports, including country-by-country reporting, as a first step towards a possible multilateral agreement on a system of unitary taxation of transnational corporations;

17.3. push for a "Big Bang" approach requiring transparency of beneficial ownership and automatic exchange of information for tax purposes between all countries in order to ensure tax fairness and compliance by both corporate entities and individuals;

17.4. develop mandatory disclosure rules regarding aggressive or abusive transactions, arrangements or structures, with a focus on international tax schemes;

17.5. propose measures for countering harmful tax practices more effectively, giving priority to improving transparency, including compulsory spontaneous exchange of rulings related to preferential regimes and on requiring substantial activity for any preferential regime;

17.6. analyse the tax and public international law issues related to the development of a multilateral instrument to enable jurisdictions that wish to do so to implement measures developed in the course of the work on BEPS and amend bilateral tax treaties accordingly;

17.7. promote international coherence of corporate income taxation, so that the design of tax policy is better informed by the increasing interconnectedness of economies and the gaps that can be created by interactions between domestic tax laws;

17.8. do more to take account of the needs and interests of developing countries in this respect, and to associate developing countries more fully with the preparatory discussions and focus groups that are addressing these various issues;

17.9. push for collaboration between the Global Forum on Transparency and Exchange of Information for Tax Purposes, the OECD task force on tax and development, the World Bank Group and other organisations to help developing countries identify their needs as regards technical assistance and capacity building.

18. The enlarged Assembly encourages the OECD to step up its fight against the widespread aggressive tax evasion that continues to be encouraged by tax havens and in particular to press internationally for the implementation of arrangements for the automatic exchange of information for tax purposes. The enlarged Assembly believes that the OECD should strengthen its definition of a tax haven and clarify which tax regimes can be categorised as harmful tax practices.

19. Finally, the enlarged Assembly welcomes the OECD's leading role in formulating various policy initiatives, such as employment creation, its skills strategy, its development strategy, the promotion of gender equality and works on global value chains, and on measuring trade in value added terms. The enlarged Assembly also invites the OECD to provide participants in the enlarged debate with information on efforts made with regard to the issues referred to in this resolution in a suitable manner, either prior to, or at the time of, the next enlarged debate.