



Resolution 2074 (2015)¹

The activities of the Organisation for Economic Co-operation and Development (OECD) in 2014-2015

Parliamentary Assembly

1. The Parliamentary Assembly of the Council of Europe, enlarged to include the delegations of 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.
2. The debate in last year's enlarged Assembly on the activities of the OECD in 2013-2014 was for the first time held on the basis of a report presented by the Secretary-General of the OECD, Mr Angel Gurría. The exercise was considered a success by all those who took part. The enlarged Assembly congratulates Mr Gurría on his re-appointment at the head of the OECD for the next five years.
3. For this year's debate, the enlarged Assembly has reviewed the activities of the OECD in 2014-2015 on the basis of a biennial report prepared by the Committee on Political Affairs and Democracy and on the basis of selected reports by the OECD, in particular the final synthesis report of the OECD's New Approaches to Economic Challenges (NAEC) initiative, which in 2013 was described by the OECD's Secretary-General as "one of the most obvious, most visible, and most productive results of the dialogue between the Council of Europe and the OECD". The enlarged Assembly looks forward to continuing such dialogue.
4. The enlarged Assembly takes into account the context of the global economy in which the activities have been conducted in 2014-2015. Projections for 2015 were lowered following the outcome of the first quarter of 2015, which was the weakest quarter since 2009. Forecasts for 2016 are slightly better, but rely strongly on a progressive acceleration in the growth of investment after years of sluggishness. This acceleration will nonetheless remain milder than in previous cyclical recoveries, reflecting the weak growth of productivity, lingering uncertainty, remaining excess capacity in many areas and the drag on investment engendered by lower oil prices.
5. The enlarged Assembly also takes note of some long-term, so-called megatrends, as reflected in the NAEC synthesis report, such as slowing total-factor productivity (TFP) and economic output, rising inequality and unsustainable development, leading to "environmental pressure".
6. The enlarged Assembly notes that the OECD's flagship publications, promoting green and inclusive growth, are addressing these long-term trends and are fully in line with the first objective of the OECD, as stipulated in Article 1 of its convention: to promote policies "to achieve the highest sustainable economic growth and employment and a rising standard of living in member countries".
7. Together with the OECD Ministerial Council, the enlarged Assembly recognises the important role of the OECD in the international policy landscape, including its contribution to the work of the Group of 7 (G7) and the Group of 20 (G20). The Assembly welcomes the ongoing efforts of the OECD to enrich its analytical frameworks and methods, including its tools for long-range analysis. It also welcomes the "Final NAEC Synthesis" report and recognises the importance of indicators beyond Gross Domestic Product (GDP), as well

1. *Assembly debate* on 30 September 2015 (32nd Sitting) (see [Doc. 13865](#), report of the Committee on Political Affairs and Democracy, rapporteur: Mr Tuur Elzinga). *Text adopted by the Assembly* on 30 September 2015 (32nd Sitting).



as the OECD's work on "How's Life?" and "Green Growth" indicators. The enlarged Assembly calls on the OECD to further mainstream multidimensional analysis, including the work on inclusive growth and gender equality, in OECD flagship publications.

8. The enlarged Assembly recommends including one additional dimension in the multidimensional NAEC framework, namely the effect of cross-border externalities and the trade-offs between national policies and international developments.

9. The enlarged Assembly notes that promoting sustainable growth has not had enough impact on the ecological sustainability of economic development, as species are being driven to extinction at a rate not seen since the age of the dinosaurs. Water, soil and many natural resources are structurally overexploited by our economic activities. Our global carbon emissions have the potential to cause catastrophic climate change.

10. Member and non-member States are taking steps towards green growth, but much more determined efforts are needed to integrate environmental priorities into economic agendas to promote sustainable growth and well-being. The OECD report "Towards Green Growth? Tracking Progress" aims to accelerate countries' implementation of green growth policies by providing more targeted and coherent policy advice. The OECD also continues to include green growth in its work. Its report "Aligning Policies for a Low-carbon Economy" identifies the misalignments between climate change objectives and policy and regulatory frameworks across a range of policy domains (investment, taxation, innovation and skills, trade and adaptation) and activities at the heart of climate policy (electricity, urban mobility and rural land use). Relevant green growth insights are now regularly included in its economic surveys, environmental policy reviews, investment policy reviews and green cities reports. However, there is more to be done to achieve an integrated approach.

11. The enlarged Assembly therefore calls on the OECD and its member States to:

- 11.1. support an ambitious outcome at the United Nations Conference on Climate Change (COP21);
- 11.2. set CO₂ emission and climate finance targets with the objective of maintaining a global average temperature increase below 2°C;
- 11.3. set equally ambitious and specific targets to keep the use of water, soil and other natural resources at sustainable levels;
- 11.4. protect endangered species and halt the process of the loss of biodiversity;
- 11.5. support a "just transition" for workers and economic sectors.

12. The enlarged Assembly recognises the importance of addressing inequalities and of the value of social dialogue in achieving more inclusive growth and quality jobs. The work on job quality, part of the NAEC initiative, already provides a framework for measuring job quality according to three key dimensions: earnings quality, employment security and quality of the work environment. This work will identify the key policy levers for improving job quality with a view to the development of a new OECD Jobs Strategy.

13. The enlarged Assembly notes that since 1980 the share of world labour income has dropped dramatically, and that it has fallen in most OECD countries. Meanwhile, the share of capital income has increased. The stock of cross-border portfolio investment holdings marked more than 20% annual growth on average in the ten years before the crisis. Investment incomes more than tripled during the same period. Total assets of multinational enterprises (foreign affiliates) rose from 18% of global GDP in 1990 to 130% in 2013.

14. The enlarged Assembly notes that domestic income inequality is at its highest level in OECD countries in half a century. Inequality in market incomes rose as much between 2007 and 2011 as in the previous twelve years in most advanced economies. It notes that inequality in wealth distribution has also shown a similar increase.

15. The enlarged Assembly takes note of recent studies that associate excessive growth of the financial sector, relative to GDP, in advanced economies with slowing economic growth and widening economic inequalities, while excess in credit extension has increased the vulnerability of the economies to crises.

16. The enlarged Assembly calls upon the OECD to provide member States with tailored policy advice to:

- 16.1. curb unproductive financial activities and reform the financial sector to serve sustainable and inclusive growth of the real economy;
- 16.2. increase the labour share of GDP;
- 16.3. halt rising inequality and promote sustainable and inclusive growth and a more equal distribution of income, wealth and well-being.

17. The enlarged Assembly notes that the Initiative on Inclusive Growth will be the linchpin for the OECD's horizontal analysis and advice on well-being and the response to the challenge of inequalities. The enlarged Assembly calls on the OECD to apply the Inclusive Growth policy framework throughout its work. The enlarged Assembly calls on OECD member States to:

- 17.1. take action to raise middle and lower household incomes to boost demand and purchasing power;
- 17.2. strengthen collective bargaining and (minimum) wages, keeping pace with increased productivity;
- 17.3. halt the increase in precarious, informal or irregular work.

18. The enlarged Assembly calls on the OECD to use the forthcoming (January 2016) ministerial meeting of the Employment, Labour and Social Affairs Committee to include these points in the revision of the 1994 OECD Jobs Strategy.

19. The enlarged Assembly recognises the opportunities offered by a new production revolution, but also the challenges for inclusiveness, for employment and for economic distribution. As the International Labour Organization (ILO) has already warned of a further increase in formal unemployment, more non-standard work in the formal sector and a growing informal economy, the enlarged Assembly calls on the OECD to co-operate closely with this institution, where a high-level commission on the future of work will prepare a report for the ILO's centenary conference in 2019.

20. Global private and public investment still remains below pre-crisis levels. The enlarged Assembly acknowledges the essential role of productive investment to promote sustainable and inclusive growth, drive job creation and support the transition to a low-carbon, resilient economy. It underlines the need to unlock investment. To enhance confidence, targeted public investments for the creation of green and decent jobs are needed. It recognises that innovation is critical to increasing productivity and creating new jobs and that investment, especially in research and development, contribute to total-factor productivity growth.

21. The enlarged Assembly notes the political debates and controversies concerning new types of free trade and investment treaties. Recognising the past gains from the comparative advantages of opening up to international trade, it also underlines that an open, rules-based multilateral trading system is a key driver for private sector development, sustainable economic growth and job creation. On the other hand, some studies suggest that further trade liberalisation will reduce the labour share even further and increase inequalities. The enlarged Assembly calls on the OECD to thoroughly investigate the trade-offs in this area of continued global economic integration, as well as potential risks, costs and benefits from further elimination of non-tariff barriers, in particular in services and investment.

22. The enlarged Assembly calls on the OECD member States to avoid rushing into trade and investment deals that are not likely to deliver tangible and substantive benefits to our economies as a whole and to first look into the effects of trade-offs between growth, stability, sustainability, inclusiveness and equity. It also calls on the OECD to propose policy packages for trade and investment policies that address these trade-offs and maximise well-being in member countries, as well as in countries that are trade and investment partners.

23. To increase resources for public investments and ensure that policy outcome is inclusive and sustainable, governments, including those of emerging countries, must also tackle tax evasion and tax avoidance. The enlarged Assembly therefore:

- 23.1. welcomes progress on the OECD/G20 Base Erosion and Profit Shifting (BEPS) project and on the automatic exchange of information;
- 23.2. calls on all States and jurisdictions to join and implement the OECD and Council of Europe multilateral Convention on Mutual Administrative Assistance in Tax Matters (ETS No. 127), in order to improve the availability, quality and accuracy of beneficial ownership information;
- 23.3. calls on all States to enact the necessary domestic legislation in order to achieve the commitments to implement the Common Reporting Standard by 2017 or 2018.

24. The full package of BEPS measures will be finalised in 2015. To ensure that this landmark initiative has the intended impact, future work must focus on supporting countries in the effective and consistent implementation of the BEPS outcomes, through the development of model legislation and technical guidance and monitoring of the impact of the BEPS measures in addressing both double non-taxation as well as double taxation.

25. The enlarged Assembly encourages the OECD to continue its work on responsible business conduct in its current multi-stakeholder setting, building from the Guidelines for Multinational Enterprises, and calls on the OECD to continue its efforts to further strengthen the performance of National Contact Points foreseen in the guidelines and improve the guidelines by revising procedural guidance, approving budget allocations, accelerating the peer review programme and strengthening policy coherence.

26. Bribery of foreign public officials in international business transactions remains a widespread phenomenon, which raises serious moral and political concerns, undermines good governance and economic development and distorts international competitive conditions. The enlarged Assembly recognises the critical role of the OECD and its Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (Anti-Bribery Convention) in combating bribery of foreign officials, in particular through its rigorous, peer-monitoring mechanism. The enlarged Assembly encourages the full implementation and strong enforcement of the Anti-Bribery Convention by all its parties. It also calls on the G20 members that are not parties to the convention (China, India, Indonesia and Saudi Arabia) to participate in the OECD Working Group on Bribery and explore possible accession, in line with the G20 Anti-Corruption Action Plan.

27. The enlarged Assembly notes that the current international migration crisis is of an unprecedented scale and complexity. It recognises the potential contribution of international migration to growth, especially where admission is well managed and integration is achieved. It calls on the OECD to continue its work in providing facts and analysis on migration flows and integration and on policies in these fields and to advise countries in finding a response to the current crisis.

28. The enlarged Assembly calls for an ambitious post-2015 development agenda, the integration of “decent work”, responsible business conduct and social dialogue into the OECD Strategy on Development, and action to support domestic resource mobilisation with knowledge sharing and capacity building.

29. Finally, the enlarged Assembly invites the OECD to provide participants in the enlarged debate with information on the follow-up given to the issues referred to in this resolution in a suitable manner either prior to or during the next enlarged debate.