

**OUTCOME OF THE MEETING
OF THE OECD COUNCIL AT MINISTERIAL LEVEL
Paris, 29-30 April 2003**

**EVALUATION
By the TUAC Secretariat**

1. The 2003 OECD Ministerial Council, following current G8 practice, did not issue a communiqué. The Chair, Prime Minister Helen Clark of New Zealand, instead issued a “Chair’s Summary” of the discussion. The Ministers discussed the “agenda for growth”, development issues, took stock of trade negotiations in advance of the Cancun WTO Ministerial, and received a report on OECD reform. The Ministerial Council was preceded by consultations with TUAC and BIAC and these are referred to at several points in the Summary. Most significantly, it notes that “The meeting ... received a report from the dialogue with BIAC and TUAC which had stressed the importance of confidence for promoting growth and in this context the need for good corporate governance, even if there were alternative views expressed about how this should be achieved. The Chair indicated to the meeting that further consideration should be given to allowing BIAC and TUAC observer status at future Ministerial Council Meetings.”
2. The Chair’s call for the participation of BIAC and TUAC directly in the Ministerial Meetings is welcome. It is something that TUAC called for at the last two Ministerial Council meetings. It reflects the fact that restoring growth and full employment in the current situation will require a tripartite approach. This was one of the conclusions at the BIAC/TUAC consultations with the Ministers.
3. The Ministerial Council took place against a background of high economic uncertainty. The latest OECD Economic Outlook published on 24 April revised downwards growth forecasts for this year and is forecasting only one per cent growth in the Euro zone. This heralds further rises in unemployment and the Outlook called for significant interest rate cuts by the European Central Bank to stimulate recovery. The call for economic stimulus was also central to the trade union statement to the OECD Ministerial and was at the centre of the pre-Evian G8 consultations and the trade union consultations with President Chirac on 25 April.
4. In assessing the structural changes needed to raise growth in the OECD, the Summary calls for a more consensual approach than has been the rule in OECD economic recommendations, recognising that “policy solutions can not simply be imposed on communities”.
5. It goes on to state that “In considering labour market reform, the right balance must be struck between removing rigidities, protecting vulnerable workers, making work financially worthwhile, and providing an adequate level of social security.” If this approach can be integrated into the re-assessment of the OECD Jobs Study that was called for at the 2002 Ministerial then it could win greater support and not just be seen as an attack on the protection of workers. This is likely to be on the agenda of the OECD Labour Ministers’ Meeting in

September 2003. A further issue raised at the consultations was the interaction between structural and macro policy measures and the timing of reforms.

6. The need for more effective international rule-setting for corporate governance was one of the central issues discussed at the BIAC/TUAC consultations. The TUAC delegation drew attention to the disastrous collapse in confidence in corporate leadership. This is a result of the systematic abuses brought to light in the ENRON and other scandals, as well as outrageous decisions on corporate remuneration - "the rewards for failure". The BIAC delegation called for no changes in existing OECD Principles on Corporate Governance, simply better application. The TUAC delegation insisted both on significant revisions and tighter regulation. The Chair's conclusions do not refer to the OECD work in this area but simply state that "Confidence and trust in the institutions of governance and the marketplace were identified as being of fundamental importance for growth. In this respect Ministers underscored the need for governments to translate the political will to tackle the issues into concrete action."

7. The OECD Ministers were joined by several non-member country Ministers for a discussion on growth and investment in developing countries. Commitment to the United Nations Millennium Development Goals was restated, despite the fact that they are more distant now than when they were adopted three years ago. The Chair's Summary focuses on investment and the conditions that are felt necessary to make it forthcoming - "political stability, sound economic policies, absence of corruption and good governance". It notes support for a Japanese government proposal for the OECD to promote investment in developing countries. The need for more effective implementation of the OECD Guidelines for Multinational Enterprises, called for in the trade union Statement, is not referred to. The Summary merely states that "The OECD Guidelines for Multinational Enterprises have encouraged business to take into account not only economic and financial factors, but also the developmental, social and environmental implications of their undertakings."

8. On international trade the atmosphere of the Ministerial was influenced by the failure of negotiators to meet key deadlines for agreements entered into at Doha in the run-up to the Cancun WTO Ministerial in September. The WTO Round is described as "a once in a generation opportunity which we cannot afford to miss". The need for movement on the key issue of "agriculture, industrial products and services" is highlighted "so that substantive negotiations beyond Cancun can commence". It is significant that no references are made whatsoever to the broader objectives of sustainable development which the trade negotiations are supposedly designed to achieve. Also there is no reference to the social pillar of sustainable development to broader trade and labour issues. This is of particular concern, when it is considered that the 2002 Ministerial Council communiqué included positive language welcoming the creation of the ILO World Commission on the Social Dimension of Globalisation and committing the OECD to contribute to its activities. The wording of the Ministerial Summary this year suggests that OECD countries are reverting to a narrow trade agenda, but will not receive broad public support. Attempts by the Swedish government to persuade the OECD to mount a project on successful examples of trade adjustment policies also failed to be included in the Summary.

9. On OECD reform, the Ministers noted "the road map" adopted by the Council on 24 April. This map covers issues of future membership, decision-making rules and committee structures. Decisions on these issues are put off to 2004.