OUTCOME OF THE MEETING
OF THE OECD COUNCIL AT MINISTERIAL LEVEL
Paris, 3-4 May 2005

EVALUATION
By the TUAC Secretariat

1. The 2005 OECD Ministerial Council, chaired by the Swedish Prime Minister, Göran Persson focussed on the economic outlook, energy investment, globalisation and structural adjustment, development assistance and trade negotiations. The theme of the meeting was "enabling globalisation" – both ambiguous and less ambitious than at the 2000 OECD Ministerial meeting when the theme was "shaping globalisation" and when a number of new instruments were agreed. It is welcome that the Ministerial this year included a debate about "economically, socially and environmentally sustainable policies" in the globalisation discussion however, overall the conclusions of the ministerial meeting are excessively bland, giving little indication of the substantive policy line that the OECD will be taking on key issues other than keep the status quo.

2. TUAC, in the written statement to the meeting and at consultations with the Ministers, called for employment to be centre stage in the discussions and said that trade unions would judge the effectiveness of OECD Ministers by the progress they made in promoting good employment in five key policy areas: - economic policy coordination; offshoring and structural adjustment; development assistance; investing in people; and energy and climate change. Against this benchmark the Ministers' conclusions fall short on key issues.

3. The Ministers' comments on the **economic situation** are excessively complacent – they say (§4) that "Economic growth should regain momentum later this year --- and become more balanced between countries" giving no reason why. They recognise that risks of exchange rate turbulence (i.e. substantial further dollar devaluation) persist, but argue that "persevering with structural reform however will help absorb any such disruption" (§5) – a statement of blind faith! This falls far short of TUAC's call for raising job growth by stimulating faster and more balanced growth between the major OECD regions. It does not reflect the concerns on monetary policy voiced by the OECD Chief economist Jean-Philippe Cotis that it is "premature" for the European central bank to move to interest tightening.

4. With regard to **globalisation and structural adjustment,** TUAC had called on ministers to develop a whole of government policy response to the employment impact of offshoring by reinforcing core worker rights, strengthening the OECD Guidelines on multinationals, guaranteeing transparent corporate governance and developing best practice adjustment assistance. The conclusions say "that policies must be put in place to ensure that it (globalisation) benefits all" (§14) and goes on to list the components of structural adjustment as covering – a macroeconomic framework, social safety nets, regulation, open trade and investment, human resource development active labour market policies, lifelong learning and innovation policies (§15). This list is a more balanced policy agenda than past approaches to structural adjustment. However it focuses on national reactions to "externally driven" globalisation rather than an attempting to shape globalisation including its social dimension through more international rules.

5. The Ministerial discussion was based upon two OECD reports covering (1) growth in services, and (2) trade and structural adjustment; however the reports were marked by a lack of coherence. The trade report sought balance. The document recognised that structural adjustments had costs, that adequate assistance was required; that efficient frameworks of regulation were needed and social

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dialogue was necessary to win public confidence in globalisation. The report pointed to the need to better enforce the OECD's MNE Guidelines and apply the ILO's core labour standards. That was also the opinion of the members of the panel at the OECD Forum on Corporate Social responsibility. For the future the OECD agreed to a follow-up study on globalisation and structural adjustment at the proposal of the Swedish Chair. However the services report lacked such balance. It presented a case for trade liberalisation linked with the privatisation of public services.

6. The associated discussion of the OECD **trade** ministers became de-facto a WTO "mini-ministerial". The meeting sought to give some momentum to the Doha development agenda and the end of the year Hong Kong WTO ministerial. The meeting appeared to reach agreement on a formula measuring agricultural duties in percentages as opposed to euros per ton. This was heralded by some a "breakthrough" and was called a "gateway" to further negotiations by the Brazilian trade minister.

7. The statement adopted by Ministers on the **Millennium Declaration**, to be transmitted to the UN, commits OECD countries to "intensify" efforts to meet the Millennium Development Goals, but only reaffirms existing commitments to increase development assistance. This also falls short of the trade union calls for putting decent work at the core of national plans to meet the Millennium Development Goals and making improved access to education and health central to development assistance programmes. A proposal by Japan to promote foreign direct investment in Africa was accepted within the existing OECD "Investment for Development Initiative". It is essential that this work includes the better enforcement of the MNE Guidelines and their inclusion as one of the key instruments to align better foreign investment with development goals.

8. A central part of the ministerial discussion and joint discussions with energy ministers as well as the social partners' consultations with Ministers was the issue of **energy policy**. The TUAC statement called for Ministers to develop the social pillar of sustainable development by putting employment programmes at the heart of energy policies and climate change mitigation. The Ministers failed to tackle this although in the conclusions it is noted that "Some emphasised the need to formulate economically, socially and environmentally sustainable policies, as well as the need to change unsustainable production and consumption patterns" (§15) but there was presumably not overall consensus even on this.

9. The conclusions state both that "It is necessary to do more to reduce the impact of increased energy demand on the environment and the climate" (§8) and at the same time they call for a "supply of clean and affordable energy is crucial" (§10). The solution to this apparent dilemma is a combination of "market-based policies and measures" plus technological development, innovation and transfer (§10 and 13). This does not amount to a convincing strategy. The separate conclusions of the Energy Ministers' meeting called for more cooperation to address environmental challenges, including climate change and decoupling of environmental pressure from economic growth. They also called for common approaches to environmental conditionality for export credit guarantees and to investment in clean energy. Research, technological development, regulatory improvements and "green" tax reform were also called for, as was the integration of environment concerns into development programmes. They said that timely actions were needed to meet the objectives of the United Nations Framework Convention on Climate Change (UNFCCC).

10. Ministers also discussed OECD reforms, and welcomed the work underway to have "more strategic" cooperation with non-members – mentioning the Middle East and North Africa. They called for a mechanism on "governance" – (i.e. Shifting to qualified majority voting on a limited number of issues) to be established by July 2005 and a report back to the 2006 Ministerial meeting.