

**OUTCOME OF THE MEETING
OF THE OECD COUNCIL AT MINISTERIAL LEVEL
Paris, 23-24 May 2006**

**EVALUATION
By the TUAC Secretariat**

1. The 2006 OECD Ministerial Council, chaired by the Greek Prime Minister, Kostas Karamanlis focussed on the economic outlook, structural policy, OECD reform, and the trade negotiations. The theme of the meeting was “delivering prosperity” – the theme of the parallel OECD Forum 2006 was “Balancing Globalisation”. The Ministers’ conclusions summarised by the Chair were that “the world economy is still growing strongly”, “many countries need to carry out reforms” and “trade is one of the most important drivers of growth, innovation and prosperity”.
2. Judging by these conclusions the meeting gave few precise responses to the key issues that TUAC raised in the written statement and at consultations with the Ministers on the eve of the meeting, such as how to rebalance OECD growth between the US and Europe at high levels of output, demand and employment and by Europe expanding its own internal demand? What is a new agenda for structural policy given the rejection of working people of insecurity and precariousness of work? How to integrate China less disruptively in the global economy and how to deal with the employment and rights impact of the expansion of trade and investment? Against these benchmark the Ministers’ conclusions fall short on key issues, the only language pointing to these issues is that they state that (in parallel to trade negotiations) “governments of OECD countries have responsibility vis-à-vis our own citizens, to ensure that our economies are effectively managed to provide equality of opportunities, while respecting the rights of, individuals and the needs of the community as a whole”.
3. The Ministers’ comments on the **economic situation** are excessively complacent – even more than the OECD Economic Outlook released at the ministerial. The Outlook gave an upbeat forecast on growth in the OECD of 3.1% in 2006 and 2.9% in 2007 with subdued inflation and unemployment falling slightly on average in Japan and the Euro area. Nevertheless it drew attention to the increasing risks to this scenario due to current account imbalances, energy prices and house prices. Moreover in presenting the Outlook, the OECD Chief Economist Jean-Philippe Cotis expressed concerns on its on monetary policy and called on the European central bank to “wait” before tightening interest rates. This contrasts with the hawkish speech that the ECB President Jean-Claude Trichet delivered at the OECD Forum. The ETUC and TUAC issued a joint statement in response stating that we cannot accept the wisdom of raising interest rates in the Euro Area at time core inflation is under control and the recovery still limited to a single engine of export demand growth.
4. With regard to **labour markets** and structural reform which were discussed at the TUAC/BIAC consultations with Ministers the meeting concluded that many countries need to do more to “revamp their labour markets” – the main discussion of the reassessed OECD Jobs Strategy is postponed until the launch of the new work at the Ministerial conference in Toronto in June. Whilst the Ministers stressed the importance of “explaining the consequences of inertia” to citizens, they also stressed the importance of “jointly agreeing on courses of action”. The Chair’s summary of the meeting when commenting on the TUAC/BIAC consultations says that “Ministers agreed that listening to the opinions from the social partners and having the opportunity to explain their aims and strategy was always extremely useful in order to achieve a broader understanding and wider public ownership of the reform agenda.”

5. Ministers also welcomed agreement on OECD governance reforms, (notably shifting to qualified majority voting on a limited number of issues) and importantly cleared the way for a twin track approach to new membership by setting out the dual objectives of “enlargement and enhanced engagement with major countries outside of the OECD’s membership.” The new OECD Secretary General Angel Gurría is asked to report back on these issues at the 2007 Ministerial meeting.