

**Chair's Statement by the Greek Prime Minister on the occasion of  
the final press conference of the OECD Ministerial Council Meeting**

(Wednesday 24/05/06)

Greece was honoured to chair this year's OECD Ministerial Council Meeting, centred on the theme "**Delivering Prosperity**". We have had interesting discussions which have highlighted important points.

One is that the world economy is still growing strongly. A second is that many countries need to carry out important economic reforms. And a third is that trade is one of the most important drivers of growth, innovation and prosperity. The countries that are members of the OECD have a particular responsibility, vis-à-vis other countries whose economies are less developed, to assist in promoting the balanced and sustainable expansion of world trade.

At a session in which we were joined by representatives of a number of non-OECD countries, we discussed the obstacles that stand in the way of a successful outcome to the negotiations on the Doha Development Round.

We agreed that OECD countries should make strong efforts to contribute to unblocking these negotiations, in the interests of all countries. And we recognised that the OECD, as an Organisation, also has an important role to play in support of the WTO negotiations.

The trade negotiations are a multilateral affair taking place in another arena. In parallel, however, governments of OECD countries have a 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. With regard to the world economy, we concluded that the buoyant pace of growth seen over the past few years is likely to continue for the near future. Despite higher commodity prices and shrinking margins of spare capacity, inflation is likely to remain under control. This is because heightened international competition helps to keep down prices for manufactured goods.

At the same time, we expect unemployment to stay low in North America and Japan, and to fall gradually in a number of European countries.

But there are worrying features affecting the economies of OECD countries.

Soaring energy prices have not thrown the global expansion off course but there is concern about the impact of further increases. Within the same context, enhancing security of energy supply is essential. We also focused on the disparity in growth rates between individual countries. This is leading to a widening gap in prosperity levels, with some countries continuing to expand strongly while others lag behind.

One of the reasons for this widening gap is a failure by some OECD countries to keep up with “best practices” in the economic arena. To rectify this situation, we agreed, changes are needed in policies affecting a range of areas, from employment and productivity to innovation and financial markets. Many countries still need to do more to revamp their labour markets. Product markets need to be opened up further. Obstacles standing in the way of investment, both domestic and foreign, must be removed. Innovation is a key ingredient of long-run growth: we must improve the incentives that drive it. Financial market reform and increased competition in retail banking can also help.

Winning public support for reforms can be difficult, particularly when economic priorities appear to conflict with social objectives. The short-run costs of reform often tend to hit clearly identifiable groups of people, while the benefits of reform are more widespread and take longer to become evident. We stressed the importance of increasing the awareness of citizens about the nature of the problems, of explaining the consequences of inertia, and of jointly agreeing on courses of action. Enhancing commitment and achieving the broadest possible consensus are crucial for the success of reforms. We also recognised that half-hearted or partially implemented reforms can prove more harmful than beneficial.

There are examples of successful reforms, and we agreed on the need to draw inspiration from the successes of others. The OECD has a fundamental role to play in helping countries to identify areas where reform is needed and to define ways for its implementation. As part of an ongoing overhaul of the Organisation’s operations, we welcomed a new governance structure which will enter into force on 1 June 2006. We also discussed the desirability of expanding the Organisation’s global reach through the admission of new members and enhanced engagement with other major countries.

The Organisation already has close co-operative links with a large number of countries around the world. It has specific country programmes for co-operation with three of the biggest non-OECD countries, China, Russia and Brazil. Over the coming year, we agreed to pursue our reflections on how best to build on these existing relationships in order to achieve the dual objectives of enlargement and enhanced engagement

with major countries outside the OECD's membership. We have asked the OECD's Secretary General to report back to us on these two points at our next Ministerial Council Meeting in a year's time.

Finally, on behalf of us all, I would like to express our gratitude and strong appreciation to the Secretary-General, Mr. Donald J. Johnston, for his strong leadership and outstanding dedication to the Organisation over the past ten years. We applaud Mr. Johnston's transformation and modernisation of the OECD, and note that he is leaving an Organisation that is well prepared to take on the major challenges ahead. We wish him well for the future. And welcome Mr. Angel Gurría as his successor.

At this point, it is a great pleasure for me to announce that Athens will host the Meeting of the OECD Ministers of Education on 27-28 June. This is a very important meeting, since it is the first time that its agenda is exclusively dedicated to Higher Education and its connection to economy and the labour market.