



Meeting of the OECD Council  
at Ministerial Level

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# OECD WEEK 2012

THE OECD'S RELATIONS WITH ITS  
KEY PARTNERS

# **The OECD's Relations with its Key Partners**



## 1. Introduction

1. The 2012 Ministerial Council Meeting marks the fifth anniversary of the launching of Enhanced Engagement, aimed at advancing the OECD's relationship with five Key Partners, Brazil, China, India, Indonesia and South Africa. At the 2011 meeting of the OECD Council at Ministerial level (MCM), Members agreed on a Vision Statement [[C/MIN\(2011\)6/FINAL](#)] which highlighted the priority to be given to developing new forms of partnership and collaboration with each of the five key partner countries, building on the experience of enhanced engagement.

2. Relations with the Key Partners have been a central focus of the Secretary-General's Strategic Orientations for 2011 and beyond [[C/MIN\(2011\)1/FINAL](#)] and this has been closely reflected in the OECD's work programme. An essential part of this process has been the closer engagement of the five countries in the work of a broad range of OECD Committees. This has helped these bodies to incorporate new perspectives in their work, increasing the relevance of policy debates to member and partners alike.

3. In this context, Council has issued a set of Guidelines for Committees to deepen their engagement efforts with the five Key Partners and to review their strategies accordingly [[C\(2010\)100/FINAL](#); the Guidelines are summarised in Box 1]. All Committees have now updated their strategies, involving both the substance and the methods of their work, a process supported by the External Relations Committee (ERC). More recently, the ERC has been discussing possible reforms of the rules on the participation of non-Members in its official bodies, with a view to facilitating the Key Partners' involvement in the work of the Organisation.

4. Besides the integration of the Key Partners in the Committees' work, the engagement has also been advanced by high level political contacts, as the Secretary-General, his Deputies and other senior staff of the Organisation, have paid official visits to each of the five countries. Regular policy dialogue also takes other forms, such as the OECD's involvement in the G20 at the Ministerial, Sherpas' and Deputies' levels, and through membership in Working Groups and participation in seminars and other events. This has been an effective means to enhance the global relevance of OECD work and has strengthened the Organisation's contacts and interactions with the Key Partners.

5. Since the 2011 MCM, the Secretary-General visited India, Brazil, South Africa and China. In the context of these official visits and other high-level contexts, the possible signing of bilateral framework agreements was discussed as a means of furthering the relationship. These agreements could include for instance the issue of contact points. The OECD already has a contact point in Beijing and this has proved extremely useful in furthering our relationship with China. The establishment of additional contact points (in Delhi and/or Jakarta) is now under discussion and could be effective by the end of 2012. The Key Partners could also be encouraged to assign dedicated staff to their bilateral embassies in Paris, to facilitate contacts with the OECD. Other elements that could be included in these agreements are mechanisms for the joint establishment of priorities for OECD work with each of the Key Partners and means to facilitate their participation in some key OECD activities, including data collection exercises and global fora.

### **Box 1 – 2010 Council Guidelines – The Main Points**

In July 2010, Council approved the Guidelines [[C\(2010\)100/FINAL](#)], requesting that Committees review their Global Relations strategies so as to ensure that these strategies reflect the priority given to deepening and broadening the engagement with the five countries. Nearly all Committees have completed this process.

To ensure that the strategies remain relevant, the Guidelines call for their periodic updating in parallel with the preparation of the Committees' biennial programmes of work. The intention is to incorporate the biennial renewals of the invitations to Regular Observer into this exercise as of 2012.

Besides the biennial updating, the Guidelines contain a number of novel elements, the principal ones being the Plans for Engagement and the special attention for the possibility of Full Participant status in Part I bodies. The Plans for Engagement should identify specific actions, and their possible sequencing, aimed at facilitating a deeper engagement with the Committee over time.

The Guidelines represent a comprehensive approach: Committees should consider options for engagement in addition to participation in Committee meetings, notably inclusion in databases, adherence to policy standards, disciplines and instruments, and contributions to the budget. Committees should also consider how regional approaches and Global Forums can contribute to deeper engagement with the five partners.

Finally, the Council asks from Committees to ensure the global relevance of their work. The rapid economic development of the large emerging economies in recent years holds valuable lessons for others and the Committees are encouraged to take account of these economies' views in work to address global issues.

## **2. Committee Strategies**

6. A new stocktaking of where Committees stand (see Table 1), shows that they have completed the updating of their Global Relations strategies. Several Committees have moved to the stage of developing action or engagement plans for the individual countries, or intend to do so as they advance their relations with them. Often, these plans are agreed unilaterally by the Committees and do not yet take the form of MoUs or jointly agreed plans of action. These plans will be incorporated in the framework of the current programme of work and further elaborated in the context of the 2013-14 PWB. Typically, Committees' plans name areas of common interest and provide for more frequent participation of the partners in activities and meetings, first as *ad-hoc* observers and then as Regular Observers or Full Participants. Inclusion in databases and publication series and hosting of meetings are often included.

7. Several Committees have gone further and concluded engagement or work plans bilaterally with some or all of the partners, or they will do so in the near future. The strategy of the Committee on Fiscal Affairs involves building partnerships with each the five, including through an exploration of the possibilities for full participation. Three-year Programmes of Co-operation are being developed for each of the countries. In 2011, the Committee launched the first Programme of Co-operation with India at a high-level event attended by the OECD Secretary-General and the Indian Minister of Finance. The programme names priority areas and new opportunities for engagement. Specific reference to full participation is part of the Programme. A three-year Programme of Co-operation will be discussed with China in 2012 as a possible mechanism for taking forward the dialogue pending further consideration of full participation.

8. The Committee on Corporate Governance has established bilateral programmes with each of the five partners. The bilateral programme with China dates from 2004 and China has proposed to extend it for five years. The Secretariat discusses SOE issues with China both directly and via the Asia SOE Network. The first meeting of the bilateral programme for Indonesia took place in October 2011, the first meeting of the India bilateral programme with India in December 2011.

**TABLE 1 – Current Global Relations Strategies of the OECD Subsidiary Bodies**

<b>Subsidiary Body</b>	<b>Approved in:</b>
Economic Policy Committee	February 2011
Economic and Development Review Committee	February 2011
Committee on Statistics	June 2011
Public Governance Committee	November 2010
Regulatory Policy Committee	April 2010
Territorial Development Policy Committee	December 2010
Trade Committee	December 2010
Committee for Agriculture	June 2011
Fisheries Committee	December 2010
Investment Committee	October 2010
Working Group on Bribery in International Business Transactions	September 2010
Insurance and Private Pensions Committee	June 2011
Committee on Financial Markets	April 2011
Competition Committee	October 2010
Corporate Governance Committee	November 2010
Committee on Fiscal Affairs	June 2010
Committee for Scientific and Technological Policy	March 2011
Committee for Information, Computer and Communications Policy	March 2011
Committee on Consumer Policy	April 2011
Steel Committee	May 2011
Council Working Party on Shipbuilding	November 2011
Committee on Industry, Innovation and Entrepreneurship	March 2011
Working Party on SMEs and Entrepreneurship of the CIIE	September 2011
Co-operative Action Programme on Local Economic and Employment Development	November 2010
Tourism Committee	September 2011
Employment, Labour and Social Affairs Committee	March 2011
Health Committee	December 2010
Education Policy Committee	April-November 2010
PISA Governing Board	November 2010
Programme for Institutional Management in Higher Education	October 2010
Centre for Educational Research and Innovation Governing Board	November 2010
Environment Policy Committee	May 2012
Joint Meeting of the Chemicals Committee and the Working Party on Chemicals, Pesticides and Biotechnology	June 2011
Steering Committee for Nuclear Energy	April 2010
Development Assistance Committee	November 2011
Governing Board of the Development Centre	March 2011

9. The Investment Committee concluded a “statement of co-operation” with Indonesia in July 2009. This laid the basis for the *Investment Policy Review of Indonesia*, the country's participation in the Freedom of Investment Roundtables and further work such as a chapter on investment in the 2012 *Agriculture Policy Review of Indonesia*. Discussions are underway on a follow-up to the first *Investment Policy Review*.

10. The Trade Committee, Committee for Agriculture and the Fisheries Committee all developed country-specific plans for engagement for the Key Partners individually (and the Southeast Asian region as a whole) for the 2011-12 biennium. These plans will be updated in light of the 2013-14 work programmes.

11. The Environment Policy Committee will consider the development of Plans for Engagement with each of the five countries. Depending on the Committee's decision and the interest of partners, these Plans will be developed in 2012 and 2013. The Chinese Ministry of Environmental Protection and the OECD have co-operated on the basis of Memoranda of Understanding on Environmental Co-operation since 2003 and recently concluded a new MoU for the period 2011-2014 which specifies activities for 2012. It states China's willingness to participate in the Committee and in several of its Working Party meetings as well as in selected activities in 2012. However, Regular Observer status is not envisaged for the near future.

12. The Nuclear Energy Agency has been seeking a formal relation with the Chinese nuclear institutions especially since 2009. In September 2011, the Secretary-General of the China Atomic Energy Authority indicated his interest in resuming talks to negotiate a Memorandum of Understanding between his agency and the NEA.

### **3. Participation in Committees**

#### **3.1 New Invitations**

13. Since the launch of Enhanced Engagement, the number of invitations of the five countries to Committee meetings has increased considerably, but in most cases, these were invitations as *ad-hoc* observer, often recurrent ones. This can be seen as a positive sign, especially when it is a transitory phenomenon which helps the Committees and partners to explore the scope for regular participation, *i.e.* as Regular Observer or Full Participant. Yet, such regular participation is (short of membership) the ultimate objective. In this respect, there have been some positive developments since the start of 2011:

- Brazil and India adhered to the Council Acts on Mutual Acceptance of Data in the Assessment of Chemicals and became Full Participants in those parts of the Joint Meeting of the Chemicals Committee and the Working Party on Chemicals, Pesticides and Biotechnology that are directly related to the Mutual Acceptance of Data;
- Brazil became a Regular Observer to the Working Party on Consumer Product Safety and has been invited by Council as a Full Participant in the Working Party on Indicators of Educational Systems, in both of which Brazil was already participating frequently;
- India became a Full Participant in the OECD Network on Fiscal Relations across Levels of Government and has been invited as Regular Observer in the Competition Committee;
- South Africa accepted its invitations as Full Participant in the Local Economic and Employment Development Programme and as Regular Observer in the Joint Working Party on Agriculture and Trade and the Public Governance Committee; it has been invited as Regular Observer in the Tourism Committee;

- Brazil, China, India and Indonesia were invited as Full Participants in the Board of Participating Countries of the Programme for the International Assessment of Adult Competencies (PIAAC), while Brazil was also invited to join the Board of Participating Countries of the Teaching and Learning International Survey (TALIS).

14. Table 3 shows the extent of the five countries' engagement in terms of their full participation and Regular Observership in OECD bodies, as well as their formal adherence to OECD instruments. On the latter point, it is worth noting that all five Key Partners endorsed the Busan Partnership for Effective Development Co-operation and that four of them have recently signed the amended Convention on Mutual Administrative Assistance in Tax Matters (China's signature is expected later this year).

15. Several other Committees than those mentioned above are preparing the ground for possible new Regular Observer invitations. For example, the Corporate Governance Committee has agreed that such invitations be extended to Brazil, China and India, in view of their interest in the Committee's work and the Secretariat has started discussions with them. The Committee for Scientific and Technological Policy takes an interest in Brazil and India as possible Regular Observers in its Working Party on Biotechnology, in view of their demonstrated interest and their importance as actors in the field.

16. However, not all Committees are regarding and treating *ad-hoc* observership as a precursor to Regular Observership. Some of them, such as the Economic Policy Committee and the Environment Policy Committee, have been successful to engage the five countries in their work without taking the route to Regular Observership and see no value in opening procedures for formal invitations by Council, involving what these Committees perceive as cumbersome assessment and renewal procedures.

17. There are other examples of partner countries working with Committees in specific fields without the status of Regular Observer. China is working actively with the Working Party on Manufactured Nanomaterials, and with the Working Group for the Harmonisation of Regulatory Oversight in Biotechnology. Brazil joined the SICREMI network of migration correspondents from the Americas, on which the OECD is playing a critical role in collaboration with the OAS. The OECD takes an interest in Brazil's innovative approaches on inequality, such as the *Bolsa Familia*, and their lessons for other countries. Brazil and South Africa are both taking an interest in the OECD's activities on youth employment and discussions are underway for the preparation of report on Jobs for Youth in Brazil and in South Africa, respectively. South Africa participates in an OECD/WHO activity concerning codes of conduct for the cross-border recruitment of health professionals and has shown interest in parts of the work programme of the Committee.

18. These are just a few examples of effective co-operation with partner countries in areas of common interest. Committees have found other ways than Regular Observership to engage, such as involvement in policy reviews and other studies, databases, regional meetings, Global Forums and other events. To the extent that invitations to Committee meetings are necessary, *ad-hoc* observership is now offered recurrently by many Committees.

### 3.2 *Ad-hoc Observership*

19. Invitations as *ad-hoc* observers have become many Committees' option of choice, or of necessity, for engaging the Key Partners in their regular meetings. These invitations are notified to the ERC. The number of such notifications<sup>1</sup> to any of the five Key Partners increased from 83 over the period from June 2007-May 2008 to 558 over June 2010-May 2011.

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1 Many notifications are for more than one meeting, so the number of individual invitations is higher.

20. Although it cannot be said with certainty what makes a Committee successful in attracting these partners, it is plausible that the invitees are more likely to accept if they were already involved in the Committee's work in other ways, if they take a political interest in participating and in the subjects discussed and have established good working relations with the Secretariat. This is certainly the case for the Economic Policy Committee (the countries are included in the *Economic Outlook*, statistical databases and analytical work by the Secretariat) and the Corporate Governance Committee (the countries participate in Regional Roundtables). Both Committees invited all five countries to their two annual meetings and almost all invitations were accepted.

21. Overall, about one-third of all *ad-hoc* invitations to the Key Partners were accepted, or 43 per cent if the EDRC is disregarded because of its much higher annual number of meetings. The degree of acceptance differs among the five countries, (though not dramatically so), but is not a function of the countries' numbers of Regular Observership: Brazil and South Africa have almost the same number of such observerships, but South Africa is clearly more inclined to accept *ad-hoc* invitations.

### 3.3 *Full Participation*

22. Full participation by Key Partners is now largely limited to some Part II bodies, the Working Group on Bribery and Brazil's participation in the Working Party on Indicators of Educational Systems (once accepted) being the only exceptions. Several Part I Committees are contemplating Full Participant status for selected partners. Table 2 presents an overview of where Committees stand on this issue. It shows that some Committees regard full participation as an option in the short term, while others see it as a more remote prospect or have doubts that it would add value to their relationship with their partners.

- The Committee on Fiscal Affairs is one of the bodies that made progress on this matter in 2011. It came to regard China, India and South Africa as potential Full Participants after the CFA's Working Parties had undertaken preliminary reviews in 2011. While these countries would be likely to qualify for this status, it remains questionable whether they see the political imperative for moving to this status.
- The Public Governance Committee has responded to an expression of interest by Brazil in Full Participant status. This was a follow-up to the 2011 review of public sector integrity in Brazil. If this process leads to an invitation, it could be a model to be followed by other Key Partners. The Regulatory Policy Committee also regards full participation as an option for the near future. This is also the case for the Competition Committee, in particular with respect to Brazil and South Africa, but this Committee prefers to wait for a signal of interest from these countries.
- The Development Assistance Committee recently approved its new Global Relations Strategy which substantially broadens its approach to engagement, including by accepting non-OECD donor countries (including the five countries) as Full Participants in the DAC. This would be done independently of their status as aid recipients, so long as the relevant criteria are met and the OECD's general rules and procedures are followed.
- Brazil is considered ready to meet the requirements of the Committee on Statistics in terms of adherence to OECD quality standards in their statistical systems and laws.

23. Some other bodies focus their interest on full participation by their Key Partners in the framework of specific projects. The Investment Committee already welcomes Full Participants in the Freedom of Investment project, and non-Members were invited in this capacity to the recent revision of the Guidelines for Multinational Enterprises. The opening of the Codes of Liberalisation will also require full

participation in the attendant work of non-Member adherents to the Codes. The Corporate Governance Committee regards full participation by its Key Partners as a possibility for the 2013 update of the OECD Principles of Corporate Governance and the OECD Guidelines on Corporate Governance of State-Owned Enterprises. Such participation may simplify the process of involving these partners, notably the members of the Financial Stability Board, whose support is desirable. Invitations as Full Participant were recently issued for the Boards of, respectively, the Programme for the International Assessment of Adults Competencies (PIAAC) and the Teaching and Learning International Survey (TALIS), both for the duration of their current projects. Brazil, China and India were among the invitees for PIAAC; Brazil was invited to participate in TALIS.

24. Despite these moves, overall progress on the matter of full participation has been limited. For many Committees where the Key Partners do not already participate on a regular basis, the first priority will be to generate greater interest and commitment from these countries, so, for the time being, they concentrate on attracting them as Observers.

#### **4. Engagement in Substantive Work**

##### **4.1 Databases and Outlooks**

25. For an evidence-based Organisation, it is essential to have access to data on the countries concerned and to include them in publications such as county surveys, “Outlooks” and “At a Glance” series. The Committees and their Secretariats have been particularly active in expanding the coverage of their databases and publication series to include the Key Partners. This section presents some highlights.

- The five countries are integrated in the Secretariat’s analyses for the Economic Policy Committee and the EDRC, including the biannual *OECD Economic Outlook* and the annual *Going for Growth series. Economic Surveys* on each of them are published every 2-3 years. They are covered in the databases on national accounts and indicators of the Economics Department. For a number of years, the Secretariat has engaged with them to collect data for the *Main Economic Indicators* and the *OECD Factbook*.
- In the field of public governance and territorial development, the current work programme envisages the countries’ integration into the data collection on e-government, public budgeting, integrity, human resources management, service delivery and others, which would enable them to participate in *Government at a Glance* and other publications. Their inclusion into the OECD’s Regional Database enables them to appear in the series *Regions at a Glance*. The countries are also included in empirical horizontal analysis, such as the flagship publication *OECD Regional Outlook* (2011).
- With respect to trade, agriculture and fisheries, the participation of the five countries in the ongoing project to develop the services regulatory database and services trade restrictiveness indices (STRIs) is a priority for the Trade Committee. Brazil, China and South Africa are included in *Monitoring and Evaluation of Agricultural Policies*; Indonesia will be included in the near future. All five Key Partners are covered in the *OECD-FAO Outlook*. A milestone in the co-operation on fisheries would involve their inclusion, in the *Review of Fisheries*, especially of China and Indonesia.
- Country profiles of each of the five countries are included in the *Science, Technology and Industry Outlook*, and they are analysed in the two-yearly report on *Steelmaking Capacity on non-OECD Economies*. Statistical profiles of each are included in *Tourism Trends and*

*Policies.* The willingness of Brazil and South Africa to participate in the *2013 Communications Outlook* is being explored.

- For the Health Committee, a major priority has been the inclusion of the five countries in the OECD's main health databases and publications. China, India and Indonesia participate in the development of data on health expenditures in the region. These discussions have contributed to the development of the new *System of Health Accounts*, co-produced by OECD, WHO and EUROSTAT.
- Brazil, China and Indonesia are involved in the work on indicators undertaken by the Working Group on Indicators of Educational Systems, which is responsible for the publication *Education at a Glance*. Brazil is well represented in this publication; efforts are being made to improve the involvement of India and South Africa. Brazil, Indonesia, as well as Shanghai (China) and Himachal Pradesh and Tamil Nadu (India) participate in the PISA Surveys.
- Efforts to involve the countries from the outset in developing the work for the *Environmental Outlook to 2050* have been quite successful. Brazil, China and India have participated in the *Environmental Outlook* exercise. Brazil, India and South Africa are Full Participants in the work related to the Council Acts on the Mutual Acceptance of Data in the Assessment of Chemicals. On the other hand, progress with China and Indonesia on MAD has been slow.
- The Secretariat discussed statistics on development assistance with Brazil in 2011, including methodology, concepts and coverage. A follow-up mission on statistical capacity building will take place in 2012. The Secretariat will also explore with South Africa the scope for sharing information on DAC statistical definitions and classifications and aid management issues. Work with China on this subject may follow in due course. The Secretariat also discussed aid statistics with India.

26. There is a need for improved co-ordination of OECD statistical demands. Key partners' officials and experts have encountered difficulties in understanding the decentralised OECD statistical system, the long list of OECD bodies that deal with different statistical issues and the myriad requests from diverse parts of the Organisation. In response, the Directorate on Statistics and other Directorates have stepped up their co-ordination. An important initiative has been the development of a core list of *Statistical Requirements of the OECD*. A first version, focusing mainly on statistics collected by the Statistics Directorate, will be available soon. Subsequent versions will list statistical requirements throughout the OECD. Such an inventory will provide the Key Partners with an overall picture of the statistics that the OECD requires and help to reduce any confusion that uncoordinated requests might create. Over the course of 2012, work on this strategy will continue. The Secretariat intends to report on this issue to Council, through the ERC, in a separate report and to keep Members informed regularly by means of periodic progress reports.

#### **4.2 Policy Reviews**

27. Besides the periodic *Economic Surveys*, country policy reviews are regularly published on various subjects. In October 2011, the Secretary-General launched the *OECD Review of Public Sector Integrity in Brazil*, the first such review of a G20 country. A peer review of the external audit of government year-end accounts is underway. A *Territorial Review of Brazil* will be published soon. The *Territorial Review of the Gauteng City-Region* (Johannesburg-Pretoria, South Africa, 2011), raised the profile of Gauteng in South Africa's national agenda for development. An *Urban Policy Review* of China is being discussed. An *Environmental Performance Review* of South Africa is being undertaken in 2012.

28. Indonesia is the subject of an *Investment Policy Review*, also launched in 2011, a *Review of Regulatory Reform* to be issued later this year, and a *Review of Agricultural Policies*. There have been discussions on a second *Investment Policy Review* for India and a first for South Africa, but no decisive moves. Work will start on a review of China's role as a source of foreign investment and the policy issues involved.

29. The Secretariat has also given bilateral policy advice and numerous bilateral capacity building activities have been undertaken with each of the five countries. For example, workshops on national accounts are held regularly with China. Assistance was provided on corporate governance of state-owned enterprises to South Africa's Presidential SOE Review Committee. Brazil recently approved a new competition law in line with recommendations made in the OECD's 2005 and 2010 peer reviews. The OECD was invited to comment on the plan for Universal Health Coverage in India. The Convention on Combating Bribery was used as an important reference in draft legislation in China and India. The Secretariat co-operated with China on Early Childhood Education and Care. In Busan, the China-DAC Study Group presented its findings on lessons to be drawn from China's growth and poverty reduction experience for other developing countries. These are only some examples to demonstrate the wide variety of bilateral activities undertaken with the individual Key Partners, showing that the co-operation at a technical level is proceeding in many fields.

#### **4.3 Regional and Global Approaches**

30. Regional approaches can be an effective means of deepening engagement with Key Partners. A case in point is South Africa, which has been the Organisation's key partner in fostering its work on the African continent. South Africa continues to play a crucial and active role in the NEPAD-OECD Africa Investment Initiative, which it co-chairs with Japan. It was also host to the OECD/IOPS Global Forum in October 2011, with an agenda that included developments in African pension systems, adequacy, coverage and long-term investment. Another example was the signing by the OECD and the National Treasury of South Africa of an MoU on the establishment in Midrand of the Centre for African Public Debt Management and Bond Markets, at the May 2011 Ministerial. South Africa has asked the Committee on Scientific and Technological Co-operation to support the capacity development for the Southern African Development Community. The country has also been a facilitator for the OECD's regional work on corporate governance (via the SOE Network for Southern Africa), taxes (via the African Tax Administration Forum) and budget reform (via the Collaborative Africa Budget Reform Initiative).

31. While South Africa has the strongest track record among the Key Partners as a driver for the OECD's regional work, others have occasionally assumed this role too. Indonesia's support has proven decisive in formalising the collaboration with ASEAN on investment issues. The Committee on Industry, Innovation and Entrepreneurship engages with the Key Partners both through regional organisations (*e.g.* APEC, ASEAN and ASEAN+3) and by identifying projects of mutual interest, including country reviews. Its *Review of Innovation in Southeast Asia*, which covers Indonesia and other main ASEAN countries, provides an excellent channel for engaging Indonesia through a regional approach.

32. More generally, when countries are leaders in their regions for certain areas as work, as *e.g.* Brazil and South Africa in the field of competition, they will often make important contributions to the OECD regional work. Indeed, the key partner countries are often active participants in regional OECD activities, such as the roundtables on corporate governance. This includes activities organised via the OECD-Korea Policy Centre.

33. Some or all of the Key Partners were hosts of, or participants, in numerous other regional events and activities. For example, India co-hosted meetings of the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific in New Delhi, in September 2011. China was host to the Global Forum on Trade

(Chengdu, October 2010), South Africa to the Global Forum on Finance (Johannesburg, November 2011). South Africa will also host the Global Forum on Transparency and Exchange of Information for Tax Purposes in 2012.

34. The Employment, Labour and Social Affairs Committee has used regional and global approaches to further their work with the Key Partners, none of the five being Regular Observer in this Committee. Brazil, China, India and South Africa attended joint OECD-EU conferences on labour market outcomes and inequalities. China, India and Indonesia were participants in a Round table on Labour Migration in Asia of the OECD and the ADB Institute (January 2012); the same is expected for an ADB-OECD Joint Workshop on Gender in Education, Employment, and Entrepreneurship in the three countries. Work is underway on gender equality and on income distribution and poverty in Indonesia.

35. Having endorsed the Busan Partnership for Effective Development Co-operation, the outcome document of the Fourth High Level Forum on Aid Effectiveness, the five Key Partners are expected to participate in the process to establish, by June 2012, the Global Partnership for Effective Development Co-operation. Although they are not Full Participants or Regular Observers in the DAC, the Key Partners have been involved in several aspects of its work. This includes the monitoring of the Aid for Trade Initiative. They will be invited to attend joint meetings of the DAC and the Working Party of the Trade Committee meetings on aid for trade. Brazil, China and South Africa are seen as regional partners for the implementation of the New Deal for Engagement in Fragile States, which was endorsed by a number of countries and international organisations. The five countries will also be invited to participate in upcoming work on the production of the report *Green Growth and Developing Countries*.

#### **4.4 Innovative Forms of Engagement**

36. Several Committees have developed ways to involve their Key Partners more closely in their work and thus to ensure greater commitment and ownership. The Committees on Fiscal Affairs, Investment and Corporate Governance, have created advisory bodies to help the Committees plan and manage their Global Relations efforts and they allow Observers to participate in them. The OECD's work on financial education is supported by the Advisory Board of the International Network on Financial Education, in which Brazil, India, Indonesia and South Africa participate. The Steering Group of the Global Forum on Transparency and Exchange of Information for Tax Purposes includes China as Vice Chair and Brazil, India and South Africa as members (India as Vice Chair of the Peer Review Group).

37. The Committee on Statistics has set up a "Partner Member-countries" programme to assist the Secretariat in developing relations with the Key Partners. Members help to clarify OECD programmes and requirements to their counterparts and serve as 'mentors' to assist them in following international standards for statistical concepts and methodologies. The following partnerships have been established: France for Brazil, Canada for China, the United Kingdom for India, Australia for Indonesia, and the Netherlands for South Africa.

38. Some other Committees are also working on "twinning" arrangements. Trade Committee Delegates may conclude informal twinning relationships with G20 economies outside the OECD's membership. By focusing on just one economy, Members can achieve continuous, high-level contacts with these economies, building trust and thus benefiting the Trade Committee overall. Three "twins" have been formed: Australia-Indonesia, United States-Saudi Arabia and Italy-India. The Committee for Agriculture created an informal Group on Enhanced Engagement (task force) which helped prepare the first meeting of the Committee for Agriculture with the participation of G20 economies (see below) and discussed ways of pursuing the twinning activity usefully. Australia has decided to twin provisionally with Indonesia and other Members have expressed an interest in further exploring this possibility. The Fisheries Committee encourages Delegates to set up informal "pairing" relationships with a particular key partner,

working as advocates for the Committee's work and assisting the country in providing data or reports. The Committees on Consumer Policy and on Industry, Innovation and Entrepreneurship encourage international organisations, and Member and Observer Delegates to help involving the Key Partners by acting as "champions" for the Committee's work.

39. Inviting visiting experts can help to strengthen the ties with partner countries, as it creates local expertise and promotes personal contacts. Several Directorates have had the benefit of Chinese visiting experts, including the Trade and Agriculture Directorate. A visiting expert from the Chinese Ministry of Commerce was helpful in forwarding research on the changing patterns of comparative advantage as well as the organisation of the 2010 meeting of the Global Forum on Trade in Chengdu. A secondment agreement with China is also being prepared by the Directorate for Science, Technology and Industry. An official of the South African Department of Trade and Industry was assigned to the Secretariat of the Investment Committee. Other Directorates, *e.g.* the Environment Directorate, are exploring the possibilities for using visiting experts.

#### **4.5 G20-Oriented Work**

40. Some Committees have designed structured formats for the engagement of non-OECD G20 countries. For the Trade Committee, this takes the form of biannual meetings of the Committee and G20 economies where they discuss on a basis of equality the most pressing global trade policy issues that are of mutual interest. To ensure their consistent relevance, all participants at one meeting determine together the subjects for the next. The Committee for Agriculture has also adopted this model; the first meeting of this format took place in November 2011, with the participation of all non-OECD G20 countries except China.

41. The Secretariat's G20-related analytical work has been a very useful mechanism for engaging the non-OECD G20 countries. Several Committees are involved in G20-related activities. For example, last year the OECD co-ordinated, with FAO, a report with ten international organisations for the G20 Cannes summit, *Price Volatility in Food and Agricultural Markets: Policy Responses*. This report was of great value in deepening relationships with non-Member G20 economies, particularly China and India. New work for the Mexican G20 Presidency in 2012 will be focused on increasing productivity in agriculture in sustainable ways; this work will reinforce these relationship building efforts.

42. In addition, the G20 Anti-Corruption Plan calls on G20 countries to engage more actively with the OECD Working Group on Bribery with a view to meeting the standards of the Convention on Combating Bribery of Foreign Public Officials or the ratification of the Convention. The Corporate Governance Committee intends to include the G20 countries and all other FSB members in the updating of the Principles of Corporate Governance and the Guidelines on Corporate Governance of SOEs. The Working Party on SMEs and Entrepreneurship has co-operated closely with the SME Finance Subgroup and contributed to the G20 Global Partnership for Financial Inclusion. Finally, the OECD work on trade for the Korean G20 Presidency in 2010 was very useful in further developing relationships on the trade side with non-Member G20 economies.

43. Another important example in this context is the OECD International Network on Financial Education (INFE), which will deliver a set of principles for the development of national strategies in the field of financial education for the G20 Los Cabos Summit (June 2012). More than 170 institutions from 86 countries have joined the OECD INFE. Furthermore, the High Level Principles on Financial Consumer Protection (FCP) were developed by an OECD-led Task Force on FCP, which is open to all G20 and FSB members, other relevant international organisations and standard setters. The FCP Task Force currently includes 33 countries and 10 international organisations. Building on the foundation of the High Level Principles, the FCP Task Force is developing guidelines for implementation under the mandate in the Cannes Declaration.

44. The work of the Global Forum on Transparency and Exchange of Information for Tax Purposes has been critical in achieving the remarkable progress registered in the realm of international tax transparency since the G20 Washington Summit in 2008. All of the 87 jurisdictions originally covered by the Global Forum have now committed to the Global Forum's standards of tax information exchange and transparency. More than 100 countries now participate in the Global Forum and since April 2009, more than 700 exchange of information agreements to the standard have been signed. Moreover, all G20 countries have signed or conveyed their willingness to adhere to the OECD/Council of Europe Convention on Mutual Administrative Assistance in Tax Matters, which provides for automatic exchange of tax information. India has set an example as the first country outside the membership of the OECD and the Council of Europe to become a Party to the Convention through its ratification in February 2012. Moving forward, G20 members have requested discussions on better tax compliance by multinational enterprises.

45. The OECD hosted a G20 Seminar on 28 March 2012, open to its Key Partners, as well as Russia, Saudi Arabia and Colombia, which provided an overview of the priorities of the Mexican G20 Presidency. There were also in-depth presentations on Green Growth and Development, Food Security, Agricultural Productivity and Trade. Consultations such as these strengthen relationships with our Key Partners and show the way for future work.

## **5. Concluding Observations**

46. The evidence presented in this report shows the nature of the Organisation's engagement with the five Key Partners. Whereas the co-operation with other non-Members takes place on a subject-by-subject basis, rather than on the basis of an OECD-wide strategy, the relationship with the Key Partners is comprehensive, involving all substantive Committees, as the 2010 Guidelines address all of them. Spurred by these Guidelines, the Committees have reviewed their Global Relations strategies "in order to ensure that such strategies adequately reflect the Organisation's priority to deepen and broaden the engagement with Brazil, China, India, Indonesia and South Africa." The Organisation has opened itself to engage the five countries in the full range of its work programme.

47. This report demonstrates that work with the five partners has indeed been broadened and deepened throughout the Organisation. In some cases this has taken the form of new Regular Observerships or full participation, but usually, the countries have been involved in Committees' work in less formal ways, including recurrent ad hoc observerships. An official status for the partners in the Committees has often not been sought, but where a key partner already has a formal status in a Committee, it will use this status to its full benefit. For example, although China has not accepted any new invitations as Regular Observer since 2006, it has been proactive in deepening its co-operation with one of the Committees where it has this status, the Committee for Scientific and Technological Policy. It has created a liaison office at the Ministry of Science and Technology, seconded Chinese officials to CSTP-related work at the OECD and launched a Website (hosted by the Chinese Academy of Science and Technology) to disseminate information about CSTP's work and publications.

48. The OECD's demonstrated ability to deliver in the context of the G20 has reaffirmed the Organisation's role as that of a competent interlocutor, able to address issues of substance which are relevant to the Key Partners. Its involvement has also opened up opportunities for greater engagement by Committees, which have found innovative ways of engagement, not always provided for in the 2004 rules on non-Member participation. This report noted the significant efforts by the Trade Committee and the Committee for Agriculture. Their dedicated sessions with the participation of non-OECD G20 economies give these countries a role in the Committees' discussions and agenda setting foreseen by these rules only for Regular Observers.

49. The example of these Committees, and some others, such as the Economic Policy Committee, shows that ad hoc observership, even if “recurring”, is not always seen as an interim solution from which a more formal status in the Committee will naturally follow (or should). The way in which these countries are functioning in these bodies’ work, or parts thereof, differs little from that of Regular Observers, but suits both them and the Committees.

50. While the Organisation has set a strategic goal of involving the Key Partners in all its work, the five countries themselves have taken a more selective approach, picking and choosing their priority subjects, which differ markedly among these countries, strategically. One way in which this is shown is the acceptance of invitations as ad hoc observer: many Committees invite the five countries routinely, but their actual participation varies strongly, both between Committees and among the countries. The countries are able to engage in the areas of strategic value to them and in ways that suit them. There are areas where Members are known to take a particular interest in closer involvement of some or all of the Key Partners, such as capital flows, environment or agriculture. The challenge here is to find common ground and mutual interest.

51. This is also true for the important horizontal projects the OECD is undertaking to address issues of global interest. The Key Partners can contribute their knowledge, experience and their proposals to the OECD’s agenda, as well as benefiting from it. A number of such projects are included on the agenda of the 2012 MCM, such as the Development Strategy, the Skills Strategy, Gender Equality, Trade and Jobs, while others such as Measuring Progress or the Green Growth Strategy continue to be implemented across the Organisation. A special consideration should be given to the “New Approaches to Economic Challenges”, first discussed at this MCM.

**TABLE 2 – FULL PARTICIPANT STATUS IN OECD SUBSIDIARY BODIES**  
**Plans for Full Participant Status**

**Subsidiary Body**

**Part I**

Economic Policy Committee	The Key Partners and Russia are invited as <i>ad-hoc</i> observers to the meetings of EPC and its working parties STEP, WPI (including discussions on the work programme) and WP3 (China only). Their turnout has been generally good and their participation active. However, the possibility of Full Participant status has not yet been discussed for the time being.
Economic and Development Review Committee	The Key Partners are invited on an <i>ad-hoc</i> basis. Actual attendance has been limited. There is no apparent demand for Full Participant status and this is not being considered for the time being.
Committee on Statistics	Brazil, India, Russia, Romania and South Africa are Regular Observers. There is no strong interest in their full participation. Only Brazil was considered ready to meet the Committee's requirements in terms of adherence to OECD quality standards in their statistical systems and laws.
Public Governance Committee	The PGC would consider full participation of certain Key Partners useful. It is currently preparing a recommendation to Council to invite Brazil, which has confirmed its interest.
Regulatory Policy Committee	The RPC would consider full participation of certain Key Partners useful. It is currently preparing a recommendation to Council to invite Tunisia as Full Participant.
Territorial Development Policy Committee	The TDPC would consider full participation of certain Key Partners useful, although it is not an immediate prospect. The Committee is strengthening its co-operation with the Key Partners and Russia with a view to their becoming Regular Observers and possibly Full Participant in the longer run.
Trade Committee	The Committee has developed a way of engaging with non-OECD G20 countries on a basis of equality in biannual meetings. Full Participant status is not considered for the time being; the added value this would bring is not obvious.
Committee for Agriculture	The Committee has developed a way of engaging with non-OECD G20 countries on a basis of equality in biannual meetings. Full Participant status is not considered for the time being; the added value this would bring is not obvious.
Fisheries Committee	Full Participant status is not considered for the time being; the advantages over Regular Observer status are not obvious.
Insurance and Private Pensions Committee	Full participation is not being considered for the time being, but the Committee may, for working purposes, develop criteria.
Committee on Financial Markets	Full Participant status is, for now, not being considered for the Committee itself. It could be appropriate for certain sub-bodies, such as the Task Force on Financial Consumer Protection, which is open to all FSB members, although no moves have been made to this effect.
Investment Committee	The Key Partners are invited to the non-confidential meetings of the Committee and its sub-bodies. Brazil, Argentina, and seven other partners have adhered to the Declaration on International Investment and Multinational Enterprises and in this capacity are participants in the Investment Committee's attendant work. These countries, plus others, including the Key Partners, have been invited as Full Participants in the Freedom of Investment project. Among the Key Partners, only Indonesia has formally accepted this status. Furthermore, the G20 Members outside the OECD were invited as Full Participants in the updating of the OECD Guidelines for Multinational Enterprises.

Working Group on Bribery in International Business Transactions	Brazil and South Africa, as well as Russia, Argentina, Bulgaria and Colombia are Parties to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and hence Full Participants in the WGB. The WGB's objective is to facilitate accession to the Convention by China, India and Indonesia. These countries are already invited to the Working Group's non-confidential sessions. All Key Partners have been involved in the implementation of the November 2010 G-20 Anti-Corruption Action Plan.
Competition Committee	The Committee would welcome Brazil and South Africa, and the Secretariat has informed them accordingly, but the Committee feels that these countries should first express their interest.
Corporate Governance Committee	The Committee has agreed that all Key Partners should be invited to all its non-confidential meetings. Considering that the OECD Corporate Governance Principles constitute an instrument of the Financial Stability Board, the Committee would consider the entire FSB membership for full participation in the updating of the Principles, planned for 2013.
Committee on Fiscal Affairs	China, India, South Africa, Russia and Argentina are Regular Observers. The Committee has made preparations for admitting Full Participants and is currently discussing full participation with India, China and South Africa. Informal feedback from countries indicates they doubt that the benefits of full participation would be commensurate with the political, technical and financial costs.
Committee for Scientific and Technological Policy	Full participation may become a useful option as the Committee is looking for a higher level of commitment from Key Partners than what is expected from Regular Observers.
Committee for Information, Computer and Communications Policy	Full Participant status is not considered for the time being.
Committee on Consumer Policy	The Committee would consider it very useful to have certain Key Partners as Full Participants in its Working Party on Consumer Product Safety.
Committee on Industry, Innovation and Entrepreneurship (CIIE)	Full Participant status is not considered for the time being, but the Committee may find it useful in the future.
Working Party on SMEs and Entrepreneurship of the CIIE	Strengthening Key Partners participation is foreseen in the new Global Relations strategy. The Working Party prefers "softer" tools for engagement over full participation.
Tourism Committee	The Key Partners are invited on an <i>ad-hoc</i> basis to the meetings. South Africa has just asked for an invitation as Regular Observer. The Committee is not pursuing full participation, as it is not clear what benefits this would bring.
Employment, Labour and Social Affairs Committee	For the moment, the Committee does not see any major advantage in full participation in a Committee that is principally devoted to policy dialogue and peer reviews.
Health Committee	For the moment, the Committee does not see any major advantage in full participation in a Committee that is principally devoted to policy dialogue and peer reviews.
Education Policy Committee	The Key Partners are invited to all EDPC sessions as <i>ad-hoc</i> observers. For the moment, full participation is not being considered for the main Committee, but it is for certain sub-bodies. Brazil has been invited as a Full Participant to the Working Party on Indicators of Educational Systems (INES) and, together with a number of others, has been invited as Full Participant in the TALIS Board for the duration of projects in which they will be participating.
Environment Policy Committee	The Key Partners are invited as <i>ad-hoc</i> observers. Full Participant status is not considered for the time being.

Chemicals Committee	Several non-Members are Full Participants in the MAD-related work of the Committee (see under Joint meeting, below). No countries are being considered for Full Participant status in the rest of the Committee's work for the time being.
Development Assistance Committee	Indonesia and South Africa are de facto members of the DAC Working Party on Aid Effectiveness. In its 2011 Global Relations Strategy, the DAC states its readiness to accept Key Partners as Full Participants.
<b>Part II</b>	
Steel Committee	Brazil, Romania and Russia are Full Participants; China, India and Ukraine have been invited; their acceptance has long been pending. No others considered for Full Participant status for the time being.
Council Working Party on Shipbuilding	Croatia and Romania are Full Participants. China has been invited as Full Participant and in view of China's status as the world's largest producer of ships, its acceptance is a key objective for the Working Party. No others are considered for Full Participant status for the time being.
Co-operative Action Programme on Local Economic and Employment Development	Latvia, Lithuania, Romania and South Africa are Full Participants. The Directing Committee encourages full participation of the Key Partners in the LEED Programme and has several mechanisms in place to promote their integration.
PISA Governing Board	All non-OECD Members that implement the survey can participate in the PISA Governing Board as observers. This includes the Key Partners except South Africa. Non-Members can qualify as Full Participants after having completed three successive assessments. Brazil and Indonesia meet this criterion and would qualify as Full Participants, but have yet to confirm their interest.
Centre for Educational Research and Innovation Governing Board	The current Global Relations strategy seeks to involve the Key Partners as observers.
Joint Meeting of the Chemicals Committee and the Working Party on Chemicals, Pesticides and Biotechnology	Brazil, India, South Africa, Argentina and Singapore are Full Participants in MAD-related work.
Steering Committee for Nuclear Energy	There are no Full Participants in the NEA Committees and there may not be any need for this category, given that non-OECD Members can become Members of the NEA. It is expected that Russia will take the step from Regular Observer in NEA Committees to full NEA Member soon.
Governing Board of the Development Centre	The Board has no Regular Observers, but 17 non-Member Full Participants, including all Key Partners except China, which the Board sees as a priority country for Full Participant status.

**Table 3 – OECD’s Engagement with Key Partner Economies: A Snapshot**

✓ *Invited and accepted*

	OECD BODIES, PROJECTS AND INSTRUMENTS	Brazil	China	India	Indonesia	South Africa
FULL PARTICIPATION	Freedom of Investment, National Security & Strategic Industries project (Investment Committee)					
	Global Forum on Transparency and Exchange of Information for Tax Purposes	✓	✓			✓
	Governing Board of the Development Centre	✓		✓	✓	✓
	Joint OECD/ITF Transport Research Committee			✓		
	Council Working Party on Shipbuilding					
	Steel Committee	✓				
	Working Group on Bribery in International Business Transactions (Investment Committee)	✓				✓
	Local Economic and Employment Development (LEED) Programme					✓
	For work related to the <i>Declaration on International Investment and Multinational Enterprises</i> :					
	• Investment Committee	✓				
	OECD Network on Fiscal Relations across Levels of Government			✓		
	Board of Participating Countries of the Programme for the International Assessment of Adult Competencies					
	For <u>Mutual Acceptance of Data</u> only:					
	• Joint Meeting of the Chemicals Committee and the Working Party on Chemicals, Pesticides and Biotechnology <ul style="list-style-type: none"> <li>○ Working Group on Good Laboratory Practice</li> <li>○ Working Group of National Co-ordinators of the Test Guidelines Programme</li> </ul>	✓		✓		✓
REGULAR OBSERVERS	Committee for Agriculture and its subsidiary bodies	✓				✓
	Committee on Consumer Policy			✓		
	Working Party on Consumer Product Safety of the Committee on Consumer Policy	✓		✓		
	Committee on Fiscal Affairs and its subsidiary bodies		✓	✓		✓
	Committee for Information, Computer and Communications Policy and its subsidiary bodies			✓		✓
	Committee on Statistics and its subsidiary bodies	✓		✓		✓
	Competition Committee and its subsidiary bodies	✓			✓	✓
	Committee for Scientific and Technological Policy and its subsidiary bodies	✓	✓			✓
	Investment Committee and its subsidiary bodies	✓				
	Joint Meeting of the Chemicals Committee and the Working Party on Chemicals, Pesticides and Biotechnology					✓
	Joint Working Party on Agriculture and Trade	✓				✓
	Joint Working Party on Trade and Environment	✓				
	Programme for International Student Assessment (PISA)	✓	✓	✓	✓	✓

OECD BODIES, PROJECTS AND INSTRUMENTS							Brazil	China	India	Indonesia	South Africa
						2			3		
	Public Governance Committee and its subsidiary bodies				✓						✓
	Steel Committee							✓			✓
	Territorial Development Policy Committee and its subsidiary bodies										✓
	Trade Committee and its subsidiary bodies				✓						
	Working Party on Aid Effectiveness (Development Assistance Committee)								✓		✓
	Working Party on Private Pensions (Insurance and Private Pensions Committee)				✓			✓			✓
<b>OECD INSTRUMENTS</b>											
	Agricultural Schemes and Codes: Application of International Standards for Fruit and Vegetables										✓
	Agricultural Schemes and Codes: Seed Schemes				✓			✓			✓
	Agricultural Schemes and Codes: Official Testing of Agriculture and Forestry Tractors					✓		✓			✓
	Bologna Charter on SME Policies				✓			✓	✓		✓
	Convention on Combating Bribery of Foreign Public Officials in International Business Transactions				✓						✓
	Council Decisions on Mutual Acceptance of Data in the Assessment of Chemicals				✓			✓			✓
	Council Recommendation Concerning Effective Action against Hard Core Cartels				✓						
	Declaration on Access to Research Data from Public Funding					✓					✓
	Declaration on Fostering the Growth of Innovative and Internationally Competitive SMEs (Istanbul Declaration)				✓			✓		✓	
	Declaration for the Future of the Internet Economy (Seoul Declaration)							✓		✓	
	Declaration on International Investment and Multinational Enterprises				✓						
	Council Recommendation on Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas				✓						
	Declaration on International Science and Technology Co-operation for Sustainable Development					✓					✓
	Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance				✓						
	Internationally agreed tax standard (transparency and exchange of information)				✓		✓	✓	✓	✓	✓
	Multilateral Convention on Mutual Administrative Assistance in Tax Matters				✓		✓	✓	✓	✓	✓
	Paris Declaration on Aid Effectiveness and Accra Agenda for Action						✓	✓	✓	✓	✓
	Busan Partnership for Effective Development Co-operation				✓		✓	✓	✓	✓	✓
	Sector Understanding on Export Credits for Civil Aircraft				✓		✓	✓	✓	✓	✓
	Statement on the Global Financial Crisis and Export Credits				✓		✓	✓	✓	✓	✓

2 Shanghai is a PISA survey participant (not PISA Governing Board participant)

3 Himachal Pradesh and Tamil Nadu are PISA survey participants (not PISA Governing Board participants)

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