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COUNCIL

Meeting of the Council at Ministerial Level, 29-30 May 2013

CHAIR'S SUMMARY

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“It’s All About People: Jobs, Equality and Trust”

1. Ministers from OECD countries, joined by Ministers and representatives from the Russian Federation and from Brazil, the People’s Republic of China, India, Indonesia and South Africa, met under the Chairmanship of Norway and the Vice-Chairmanship of Australia and Estonia on 29-30 May 2013 under the title “It’s All About People: Jobs, Equality and Trust”.

2. Ministers highlighted the still challenging global economic environment. They stressed the urgent need to address the social impact of the crisis and to put people at the centre of their policy efforts. Although conditions vary across countries, many face important challenges, such as the urgent need to restore growth and competitiveness, to reduce unemployment, in particular among the youth and long-term unemployed, to rebuild confidence, to address inequalities and to boost job quality. They also underlined the importance of addressing a number of global challenges, including the further deepening of globalisation, poverty, rapid population ageing, migration, climate change, growing natural resource scarcity and a global economy based on knowledge and skills.

It’s All About People: Jobs, Equality and Trust

3. Ministers welcomed OECD analysis and policy recommendations in relation to Jobs, Equality and Trust and highlighted the important role of social partners and dialogue in tackling the social aspects of the crisis. To boost employment, they called for the Organisation to continue to pursue and strengthen work on structural reforms, activation policies and targeted support for the most vulnerable in the labour market. They agreed that such a strategy would not only need to focus on job creation, but also job quality. In order to avoid the risk of a lost generation, they committed to an **Action Plan, “Giving Youth a Better Start”**, which includes concrete policy recommendations to strengthen education and Vocational Education and Training systems, ensure a better transition to work, introduce targeted support for the most vulnerable youths and facilitate access to training and employment. They called on the OECD to report back on progress to the MCM 2014. They also emphasised the important role of skills and called on the OECD to build on the Skills Strategy through the ongoing development of skills strategies at the national and local levels, the Skills Outlook (including the Programme for the International Assessment of Adult Competencies, PIAAC) and the launch of the next round of the Programme for International Student Assessment (PISA).

4. Ministers called on the OECD to continue to pursue its analysis on **inequality to promote inclusive growth**. They emphasised the urgent need to tackle growing income and social inequalities. Ministers asked the OECD to strengthen its efforts to look at the interactions between macroeconomic, labour market and social policies. This would support the development of policies to promote the creation of productive and rewarding jobs and adequate protection for low-income families and other vulnerable people. In this context, Ministers committed to the policy recommendations on the Social Policy Responses to the Crisis and asked for more work on designing policy approaches to address both immediate social and fiscal concerns in the context of longer-term structural challenges. Ministers underlined the importance of promoting equal opportunities for all. They discussed the importance of promoting gender equality and adopted the **Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship**.^{*} They agreed to monitor and benchmark progress with respect to implementation of the Recommendation and report back as foreseen.

* The Russian Federation and Latvia also adhered.

5. As governments seek to restore long-term growth potential and to address the social impact of the crisis, they also face a significant challenge to restore the trust of citizens and markets in the ability of governments to address current challenges and implement reforms that will deliver fair and resilient growth. Ministers discussed the urgent need to build more effective, transparent and open institutions to regain the trust of citizens. They welcomed the **Agenda on “Trust in Government: Evidence, Policies and Decision Making”** and called on the OECD to strengthen its efforts in this area, building on existing OECD work on integrity and governance. Ministers underlined that a “smart” state, open government, transparency and cohesive societies are all important aspects. Ministers also highlighted the importance of work to build confidence and trust in the private sector, including in the areas of corporate governance, long-term investment, SME finance, consumer policy, and efforts to combat corruption and foreign bribery.

6. Ministers highlighted the importance of restoring fairness and confidence in tax systems, including by acting against tax fraud and evasion. Ministers welcomed recent work on **Base Erosion and Profit Shifting (BEPS) and adopted a Declaration** on BEPS, along with the Russian Federation, as well as Brazil, Indonesia, South Africa and Argentina, that calls on the OECD to develop a Comprehensive Action Plan to revise the international tax rules to prevent companies from artificially shifting profits to locations where they are subject to more favourable tax treatment. Working with the G20, the OECD will develop a comprehensive Action Plan to provide countries with the information, the analysis, the best practices, recommendations and international instruments needed to adapt their tax systems to the business practices of the 21st century. In this context, Ministers also welcomed a number of OECD and non-OECD countries signing or depositing their instruments of ratification to the Convention on Mutual Administrative Assistance in Tax Matters and encouraged those countries that had signed the Convention to move quickly to ratify it. Ministers called on all jurisdictions to move towards automatic exchange of information and to improve the availability, the quality and the accuracy of information on beneficial ownership, in order to effectively act against tax fraud and evasion.

The Secretary-General’s Strategic Orientations and New Approaches to Economic Challenges

7. Ministers welcomed the **Secretary-General’s Strategic Orientations** and progress made on the New Approaches to Economic Challenges initiative. They highlighted the important role the Secretary-General is playing in increasing the impact of the OECD and promoting inclusiveness and implementation. They called on him to further harness the multidimensional nature of the Organisation to better support Members and Key Partners. Ministers emphasised the central role of the OECD in providing tailored policy analysis and advice, in particular in the area of structural reforms. They highlighted the importance of analysis on new innovative sources of growth, such as green growth, knowledge-based capital and global value chains, and new ways of addressing tax issues, including through the initiative on Base Erosion and Profit Shifting (BEPS). Furthermore, they called on the Organisation to strengthen its horizontal projects, including the Skills Strategy, Development Strategy, Green Growth Strategy and the Innovation Strategy. Ministers called on the Secretary-General to help countries build more effective and transparent institutions to rebuild confidence and trust in government, including through a focus on making reform happen and continued work on anti-corruption. They applauded the progress made by the OECD to become a “more effective and inclusive global policy network”, highlighting, in particular, the OECD’s strong track record in providing support to the G20.

8. Ministers welcomed the Interim Report on the **New Approaches to Economic Challenges** (NAEC) initiative and congratulated the Secretary-General on the progress made. Ministers noted that NAEC is a very timely and important initiative and an important opportunity for the OECD to draw lessons from the crisis and update its analytical frameworks to help policymakers confront the new economic realities and the long-term challenges ahead. They also highlighted the need for NAEC to promote a broader notion of growth – one that does not neglect the need to resume growth but at the same time

considers other important outcomes such as wellbeing, inclusiveness, and environmental sustainability. Ministers highlighted the importance of dealing with competing policy objectives and trade-offs and of exploiting policy synergies. They also stressed the importance of institutions and governance and the policy challenges posed by long-term global trends. They called for the process to be open, inclusive and focused. As outlined in the governance framework, the Economic Policy Committee has a central role in this undertaking, but considering its multi-disciplinarity, its success crucially depends on the strong ownership and participation of other committees, which is the case today. They looked forward to substantive progress, including targeted policy proposals to be presented at the next Ministerial Meeting in 2014.

Trade: Making Global Value Chains Accessible to All

9. Ministers reaffirmed their commitment to a transparent, rules-based multilateral trading system. They reaffirmed their commitment to expanding markets, and to resisting trade and investment protectionism in all its forms, including through standstill and roll-back commitments so as to achieve global economic recovery, jobs and development. Ministers welcomed the new OECD report on **“Interconnected Economies: Benefiting from Global Value Chains (GVCs)”**, and expressed strong support for ongoing OECD work measuring **Trade in Value-Added Terms (TiVA)**. They underscored the policy implications from this work and highlighted the importance of further liberalisation of trade in goods and services, the implementation of trade-facilitation measures, the promotion of investment, and the convergence of regulatory standards which will better allow both developed and developing countries to take advantage of GVCs. In this context, they also underlined the role of a more open and transparent environment for trade and investment as part of effective structural and regulatory reforms for strong, balanced and sustainable growth. Ministers highlighted the considerable benefits resulting from **trade facilitation** and strongly endorsed OECD’s work in this area, which also highlights the practical actions that countries, both developed and developing, can take to realise available benefits. Ministers highlighted the importance of **Aid for Trade** in this area to help countries to undertake relevant reforms regarding trade facilitation and to better integrate global value chains.

10. Ministers underlined the importance of efficient services sectors and the further liberalisation of **trade in services** as exemplified by the GVC work, and reiterated their keen interest in the results of the **OECD’s work on services trade restrictiveness (STRI)**, to be presented at the 2014 MCM. Furthermore, they emphasised **the role of the OECD in promoting an open global trade regime**.

11. **Ministers underscored their commitment to significant and substantive outcomes at the WTO Ministerial Meeting in Bali in December 2013.** They shared the objective that the Bali package should encompass a trade-facilitation agreement and agreement on some elements of agriculture and development, including issues of interest to Least Developed Countries. They expressed concern that these negotiations are, as yet, not on a path that provides confidence of success. They called on all WTO members to work with flexibility and realism to achieve this goal. Ministers also discussed the relationship between regional trade agreements and the multilateral trading system, and highlighted the need to prepare for multilateralism while negotiating regional agreements.

12. **Ministers stressed the importance of promoting responsible business conduct, including through the effective implementation of the OECD Guidelines for Multinational Enterprises.** Ministers agreed that the OECD is well placed to promote responsible business conduct and called on the Organisation to use the first Global Forum on Responsible Conduct in June 2013 to discuss these issues further.

OECD Partners and Strategy on Development

13. Ministers welcomed progress made on the implementation of the **OECD Strategy on Development** and appreciated the efforts to strengthen co-operation with developing countries by capitalising on the OECD's wide-ranging policy expertise. They acknowledged progress on mainstreaming development in core work such as trade and investment, green growth, education and tax policy, among others, and stressed the importance of further addressing jobs, equality and trust in Partner countries. Ministers also welcomed the new impetus for policy coherence for development, particularly on major challenges such as food security and illicit financial flows and stressed its relevance for all countries to promote sustainable and inclusive growth. They encouraged efforts to provide targeted policy advice, including through the multi-dimensional country reviews, and welcomed the new Knowledge Sharing Alliance and other innovative instruments for policy dialogue in a spirit of equality and mutual benefits. This includes work on global value chains and natural resources-based economies. Ministers called on the OECD to continue contributing to international efforts such as the Busan Global Partnership on Effective Development Cooperation, the post-2015 development framework, and the G20. Ministers asked the OECD Secretariat to develop robust indicators and further strengthen its monitoring and evaluation efforts and to present a substantive report on the implementation of the strategy at the next MCM in 2014.

14. Ministers reiterated the importance of making the OECD a more effective and inclusive global policy network, as outlined in the **OECD 50th Anniversary Vision Statement**, by further expanding its global reach, policy impact and relevance. They welcomed the increased engagement and dialogue with Key Partners (Brazil, China, India, Indonesia and South Africa) in OECD policy work and committees, including the Programme for International Student Assessment (PISA), the Policy Framework for Investment (PFI) and other OECD instruments, as well as horizontal OECD projects such as the Green Growth Strategy. They called on the Organisation to make co-operation more systematic and institutionalised, including through more formal arrangements. In this regard, they welcomed the Framework Agreement with Indonesia and encouraged other Key Partners to follow the same structured approach. Furthermore, Ministers expressed appreciation for the increased engagement of a larger number of countries to OECD Forums and OECD instruments such as the BEPS Declaration or the Global Forum on Transparency and Information Exchange for Tax Purposes. They welcomed the Framework for the Establishment of Country Programmes and encouraged a dialogue with Partner countries to frame priorities based on mutual interests.

15. Ministers launched a **new regional programme for Southeast Asia**, which is a region of strategic interest and priority, as outlined in the 2007 MCM Resolution. They welcomed that this programme will offer a renewed and targeted OECD effort to work with countries and regional organisations in this region, to exchange policy perspectives and develop common understandings of joint policy challenges, as well as promoting OECD standards in this important region. They asked the Secretary-General to report back on progress at the MCM in 2014. They also encouraged the Secretariat to strengthen other OECD regional initiatives, including those with Latin America, the MENA region, Sub-Saharan Africa, Eurasia and Central and Eastern Europe.

16. Ministers reiterated their **willingness for the Russian Federation to become a Member of the OECD**. They welcomed their increased engagement with the OECD and called for them to further their efforts to close the still substantial gaps between OECD standards and Russia's laws, policies and practices. In this context, Ministers stressed the importance of maintaining all OECD standards and values.

17. Ministers welcomed the decision to **embark on a new round of accessions** as set out in the Council Resolution on Strengthening the OECD's Global Reach. They welcomed this carefully-crafted Resolution inviting **Colombia and Latvia to begin accession discussions this year**, and agreed to review the situation in due course, with a view to taking decisions to open accession discussions with **Costa Rica**

and Lithuania in 2015. They also agreed that the other applications reviewed shall be further considered individually. Ministers called for the OECD to now work on roadmaps to advance this process and recalled that all relevant Committees will have their say. At the same time, Ministers called on the OECD to begin a governance review and report on progress at the next MCM in 2014.

18. Ministers reaffirmed the **OECD's role as a global standard-setter**. They called on the Organisation to proactively update and upgrade its existing standards and respond to any gaps in global standard-setting where appropriate. They highlighted the need to further open its standards to non-Member countries, including through their participation in OECD bodies, and consider the views and experiences of emerging economies in their development.

19. Ministers welcomed the **OECD's contribution at the regional and global level**, including in the context of the G8, the Deauville Partnership and the G20, which covers a range of issues including tax, trade, transparency, anti-corruption, investment and development. They underscored that this constitutes an important part of the work of the OECD as it leverages OECD analysis and advice to the mutual benefit of Members and Partners and to support international policy co-ordination. They commended the Secretary-General for his tireless and effective efforts in ensuring the relevance of OECD work in these and other international fora. Ministers also encouraged the OECD to continue to contribute to other international processes, such as the UNFCCC negotiations, and asked for an update on the OECD's work on climate finance and investment at the 2014 MCM.

20. Ministers looked forward to Japan's Chairmanship of the Ministerial Council Meeting on 6 and 7 May 2014 on the occasion of its 50th Anniversary as a Member of the OECD.