

# After Rana Plaza

Spotlight on responsible  
business conduct



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# Readers' views



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## Healthy retirement ages

You say working longer in life is becoming part of a trend, and that it is becoming “more normative to keep working” past normal retirement (“Older candidates, please apply” in *OECD Yearbook 2014*, [www.oecd.org/yearbook](http://www.oecd.org/yearbook)). But that does not mean a formal retirement age should be allowed to disappear. Just like a schoolgoing age or a voting age, a retirement age gives signals to guide policymaking as well as personal life decisions.

On the one hand, it is a shame when employers push over-50s into early retirement to make short-term savings on their own balance sheets. The cost is shoved onto the public purse, and the older person's skills, experience and productivity are lost. Governments should confront this through tax and other means. It is also wrong if perfectly healthy over-60s should be forced to retire if they feel ready to continue working.

But on the other hand, without a proper retirement age, many older workers may feel under pressure to work on and on, even if unable to. This can lead to mental stress. The prospect of retirement can be motivating too. With a target age, older people have an incentive to plan their retirements; without one, they could feel demotivated. Also, people are living longer, but not necessarily “disability-free”, and some older workers may have even older parents or relatives to care for.

So it is important to maintain a retirement age, and not allow it to become “anachronistic”, as your article suggests.

R J Doyle, Dublin, Ireland

## Germany's tax choice

Your report on Germany proposes raising capital gains taxes on residential real estate (except for owner-occupied housing)

to promote equity of income distribution and government revenue (*OECD Economic Surveys: Germany*, May 2014, see [www.oecd.org/germany](http://www.oecd.org/germany)). Yet, real estate investments present an additional private pension pot for lots of *mittelstand* workers in small and medium-size firms, and even the main personal pension to many who are self-employed. Instead of pressurising these stakeholders and discouraging such investments by the increasing the capital gains tax, the government should rather support real estate purchases. This could ease private pension planning and as such, be a means to counteract the steady increase of old-age poverty. Considering high tax revenue, the policy of low interest rates of the ECB and the associated insidious expropriation of depositors, an increase of capital gains taxes would further harm individual responsibility and confidence among the population.

Julia Münch, Wald-Michelbach, Germany

## Inaccessible open data

At the engine room (<https://www.theengineroom.org>) we work to close gaps between advocacy and technology through research and networks. We are working with CIVICUS on the DataShift ([thedatashift.org](http://thedatashift.org)) project concept and implementation: this project looks into citizen-generated data and its efficacy in monitoring the post-2015 development goals, as well as what needs to happen in order to bridge the gap between comparability and coverage to inform campaigning.

Another project that is very close to the theme of this discussion is the Responsible Data Forum (<https://responsibledata.io>), a series of collaborative events, co-organised by Aspiration and the engine room, and

convened to develop useful tools and strategies for dealing with the ethical, security and privacy challenges facing data-driven advocacy.

An important intersection to consider when speaking about the efficacy and impact of open data for the social good is the link between the data itself and how it's presented; strategies and means of consumption of that data. The process of opening data by public institutions is of course a laudable and important process. However, it is very important that the data is easily accessible by humans and computers alike, the former through curated stories and semantically tagged information, open formats (.csv) and fully downloadable information, the latter through APIS, machine-readable data structures and rich metadata. It is an unfortunate, yet regular phenomenon, when institutions publish data online that is really, really hard to get to.

Tin Geber, commenting on Wikiprogress.org discussion, June 2014

## Retweets

The new public #data portal in beta lets you find, compare and share the latest #OECD stats <http://data.oecd.org/> [pic.twitter.com/DmV3q7qmjn](https://twitter.com/pic.twitter.com/DmV3q7qmjn)

Thanks to @mikakosinska for reiterating important point that innovation in #dementia cannot be solely about drug treatment @OECDObserver

To achieve quality jobs, we need a new deal. We need to talk more. In Piketty, I hear “picket”. @PJenningsUNI #oecdwk #Oecdblue

An immigration reform would bring growth&wealth from the informal economy to the formal. It's a major priority for us. Jason Furman #OECDwk

@OECDObserver Wrong! Would over load social services. @ChipMitchell1

Would I be here talking with powerful people without school? We need public schools, paid for by fair taxes. @Winnie\_Byanyima #oecdwk

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# Building an inclusive, resilient and responsible world



The clouds are lifting,  
but we must work  
harder together for  
the crisis to clear

Angel Gurría  
Secretary-General of the OECD

“Resilient Economies and Inclusive Societies: Empowering people for jobs and growth” was the theme of the annual OECD Ministerial Council Meeting (MCM) that we held in Paris on 6-7 May, back to back with the OECD Forum on 5-6 May. It was a very pertinent focus: given the uncertain global economic outlook, the persistent scourge of high unemployment and widening inequalities, we need to empower people with the means and opportunities to fulfil their potential.

Appropriately, Japan chaired this year’s MCM, coinciding with the celebration of its 50th anniversary of OECD membership. The country embodies like very few others the concept of resilience, having bounced back from natural tragedies and a prolonged economic downturn. We were fortunate to welcome Prime Minister Shinzo Abe and benefit from his insights, by hearing first hand his very compelling presentation on the structural reforms that he is undertaking to revitalise his country’s economy.

Like Japan, all OECD and partner countries are determined to emerge stronger from the crisis, and create a more resilient, more inclusive future. In this regard, the core message of the MCM and Forum was loud and clear: policymakers must act now to boost the global recovery and ensure its benefits are widely shared through more inclusive growth.

During our annual gathering, ministers stressed their commitment to policies that create quality jobs, improve people’s well-being, protect the environment, restore citizens’ trust in institutions, and empower people to participate fully in society. Among other important deliverables, they adopted the Declaration on Automatic Exchange of Information between countries and jurisdictions, an international standard that reinforces efforts to improve financial transparency and combat tax evasion. To promote greener growth, they adopted a Statement on Climate Change, which will help the OECD explore the policy mixes needed to achieve zero net carbon emissions during the second half of this century, and contribute to a successful UN climate change conference (COP 21) in Paris in 2015. They also invited the organisation to deepen its work on internet privacy, and adopted the OECD Recommendations on the Governance of Critical Risks, covering natural and man-made disasters.

Ministers also had an opportunity to discuss how education and skills could empower all citizens—including women, young people and the older generation—and welcomed a new report entitled *All on Board: Making Inclusive Growth Happen*, which explores ways of

ensuring that opportunity, health and well-being are more widely shared. Furthermore, the delegates that came to Paris considered the early findings and policy recommendations of the New Approaches to Economic Challenges (NAEC) and Inclusive Growth initiatives, which draw lessons from the crisis in a bid to cultivate a fresh “state-of-mind” for weighing up policy options.

These are just a few highlights from this year’s OECD ministerial meeting, whose statements and documents can be consulted at [www.oecd.org/mcm](http://www.oecd.org/mcm) and are reflected in this edition of the *OECD Observer*. They show that at the heart of our actions is a determination to rebuild the motivation and trust that is so essential for progress. People feel discouraged, having lost confidence in politics, banks, the media, and even other people and countries. It is up to policy leaders to earn it back.

But they cannot do it alone. Businesses, which generate jobs, opportunities and wealth, spur global development, and influence ideas and mindsets, must also shoulder the burden. That means working in lock-step together to forge ever better rules on the likes of tax evasion, public procurement, due diligence in supply chains, corporate governance, conflict of interest, lobbying and bribery, and more. It means strengthening the rule of law and good governance, both in the public and private sectors. It means fully exploiting the OECD’s armoury of conventions and principles, its benchmarks, peer pressure reviews and “soft law” mechanisms, conveniently assembled under our CleanGovBiz umbrella.

Improving corporate conduct is also vital, as the spotlight in this edition shows. The point was recognised at the MCM and defined the key message delivered by the Global Forum on Responsible Business Conduct and informal ministerial meeting, which the OECD hosted on 26-27 June: global businesses must look beyond the bottom line and “go responsible”, whether in the treatment of staff, subcontractors, clients, tax authorities, or the environment. Moreover, they must act responsibly throughout their supply chains.

The OECD Guidelines for Multinational Enterprises is a particularly pertinent instrument in this regard, because it offers businesses a fair, robust and internationally-agreed benchmark to align themselves with, while giving the public a voice via its National Contact Points.

The collapse of the Rana Plaza garment factory in Bangladesh in 2013, killing over a thousand workers as they finished clothing for western export, was a tragic reminder of how interconnected our markets are, and how important responsible business conduct is for people’s lives. I urge business, trade unions and civil society to join forces to ensure the guidelines work for the benefit of citizens everywhere.

The clouds of the crisis are lifting, but for the storm to clear, both the public and private sectors must work harder together—locally, nationally and globally—to build the more inclusive, resilient, happier and safer world that we all desire and deserve.

[www.oecdobserver.org/angelguria](http://www.oecdobserver.org/angelguria)

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# News brief

## Global economy faces slower future—

A slowdown in global economic growth and a continuing rise in income inequality are projected for the coming decades, according to a new OECD study, *Policy Challenges for the Next 50 Years*. Ageing populations and the gradual deceleration of growth in the large emerging economies will bring global rises in GDP down from an annual average 3.6% in 2010-20 to 2.4% in 2050-60. Innovation and investment in skills will be the predominant drivers of growth.

Climate change is also a factor, and *Policy Challenges for the Next 50 Years* says unless CO<sub>2</sub> emissions are reduced, climate change could curb global GDP by 1.5% by 2060 and by nearly 6% in South and Southeast Asia. Technical advances will raise demand for high-skilled

workers. Without a change in policy, OECD countries would face a further large increase in earnings inequality by 2060, bringing them close to the level seen in the US today. Rising inequalities threaten growth, most notably by blocking economic opportunities. See <http://oe.cd/Cn>

## Soundbites

### Crisis of understanding

"It is extraordinary that here we are, nearly seven years in [from the financial crisis] and we still have an inadequate understanding of some of the key aspects of financial markets."

David Wright, secretary-general of Iosco, *Financial Times*, 19 June 2014

### Fair play

"There need to be rewards for jurisdictions that play ball and consequences for the ones that don't."

Jane Dellar, chief executive of the Chamber of Commerce, Isle of Man; *Financial Times*, 13 May 2014

### Portugal's austerity gain

"Changes had to be made very quickly, and that has been very painful for most people, but the end result is that the economy is much stronger and better able to compete on the world market than three years ago."

António Jorge, chief executive of Sogepoc, *International New York Times*, 6 May 2014

### Wise move

"Just before the consumption tax hike, consumption on expenditures soared, [although] now they are declining quite sharply. But on balance, the decline after the tax hike had been as we expected or even less than we expected."

Haruhiko Kuroda, Bank of Japan's governor, *CNBC*, 5 May 2014

## —top earners capture more of income

The share of the richest 1% in total pre-tax income has increased in most OECD countries over the past three decades,



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as the top 1% of earners captured a disproportionate share of overall income growth over that time frame: up to 37% in Canada and 47% in the United States, according to new OECD analysis.

Even in traditionally egalitarian Nordic countries, the share of the top 1% increased by 70%, reaching around 7-8%. By contrast, top earners saw their share increase less sharply in France, the Netherlands and Spain.

The incomes of the poorest households have not kept pace with overall income growth, with many no better off than they were in the mid-1980s. On average, real incomes of the top 1% increased by 4% in 2010, while the lower 90% of the population saw their real incomes stagnate.

For more detail, see <http://oe.cd/Co>

## Economy

GDP in the OECD area grew by 0.2% in the first quarter of 2014, down from 0.5% in the previous quarter. **Private consumption** was the main contributor, with 0.3 percentage points, while destocking reduced growth by 0.2 percentage points. Geographically, growth remained relatively strong in Germany and the UK—0.8% for both countries—while contracting by 0.1% in Italy. Growth rose by 0.3% in the EU. In Japan, GDP increased by 1.5%, up from 0.1% in the fourth quarter of 2013.

OECD-area **inflation** rose by 2.1% in the year to May 2014, compared with 2% in April. This small increase reflected energy and food prices, which rose by 3.4% and

2.2%, respectively, up from 2.7% and 2% in April.

**Unit labour costs** in the OECD area rose by 0.4% in the first quarter of 2014. Though there was a rise of 0.3% in labour compensation per unit of labour input, labour productivity fell by 0.2% for the first time since 2012.

Merchandise trade fell by 2.7% across the world's major economies during the first quarter of 2014, as import growth stagnated. In China, imports and exports fell by 0.9% and 7.3%, by 3.3% and 2.9% in Canada and by 3.2% and 4.3% in the UK. An export decline of 5.8% outpaced an import growth of 1.9% in Brazil. Germany and Italy alone witnessed increases in exports of 2.1% and 1.5%, respectively.

## Country roundup

**Italy** should do more to help immigrants integrate into society and learn the skills they need, according to a *Jobs for Immigrants* report. [www.oecd.org/italy](http://www.oecd.org/italy)

**France** needs to get smarter in encouraging private-sector innovation, making public research institutions more accountable and channelling more funds into R&D projects, the OECD's *Review of Innovation Policy* recommends. [www.oecd.org/france](http://www.oecd.org/france)

Strengthening primary health care and prevention programmes would help stem the growing tide of diabetes and other chronic health conditions in the **Czech Republic**, according to the *OECD Health Care Quality Review*. [www.oecd.org/czech](http://www.oecd.org/czech)

**Latin American and Caribbean** countries need to do more to improve budget management, tax collection and public sector pay equality, according to a joint report with the Inter-American Development Bank (IDB). <http://www.oecd.org/dev/americas>

On 18 June **Andorra** committed to automatic exchange of information in tax matters, thereby becoming the 48th signatory to the OECD declaration. <http://www.oecd.org/countries/andorra>

**Korea** needs to implement a range of reforms to develop a creative economy for long-term growth, according to the *OECD Economic Survey of Korea*. [www.oecd.org/korea](http://www.oecd.org/korea)

**Canada** should decrease housing market risks and overcome specific skills shortages, according to the *OECD Economic*

The **unemployment rate** in the OECD area stood at 7.4% in April 2014, down 0.1% from the previous month. Some 45 million people were out of work, 4.9 million less than at the peak in April 2010. The unemployment rate eased by 0.1 percentage point to 25.1% in Spain and by 0.4 points in the US, but remained stable in Canada at 6.9%. It rose by 0.2% in Korea to reach 3.7%.

For latest updates on economic statistics, see <http://www.oecd.org/std/statisticsnewsreleases.htm>



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Arnaud Montebourg, Minister of the Economy, Production Recovery and the Digital Sector, attending the 6th International Economic Forum on Latin America and the Caribbean, co-organised by the OECD Development Centre, the IDB and the French Ministry for the Economy, Industrial Renewal and the Digital Sector.

**Survey of Canada 2014.** [www.oecd.org/canada](http://www.oecd.org/canada)

The OECD launched a Portuguese-language version of its Better Life Index in **Brazil** on 9 June, increasing its reach to over 240 million Portuguese speakers around the world. [www.oecd.org/brazil](http://www.oecd.org/brazil)

**Poland's** regulatory authorities should increase competition enforcement, and continue to remove red tape for entrepreneurs. [www.oecd.org/poland](http://www.oecd.org/poland)

As **Sweden** plans to attain a net zero emission rate by 2050, it should reduce greenhouse gas emissions by improving the effectiveness of carbon tax policies and limiting sector exemptions, according to the OECD's latest *Environmental Performance Review of Sweden*. [www.oecd.org/sweden](http://www.oecd.org/sweden)

## Health spending starts to rise

Health spending has started to rise again in several OECD countries, after stagnating or falling during the crisis. Chile and Mexico saw strong increases in 2012, at 6.5% and 8.5% respectively. Health spending in Korea continued growing by 6%, while in the US, health spending increased by 2.1% in 2012. In Europe, health spending continued to fall in 2012 in Greece (down 25% compared with 2009), Italy, Portugal and Spain, as well as in the Czech Republic and Hungary, according to OECD Health Statistics 2014. For more, see <http://oe.cd/Cq>

## Financing tough for SMEs

Start-ups and small firms, considered critical for ensuring growth and jobs, are not getting the access they need to finance, a new report says. According to *Financing SMEs and Entrepreneurs 2014: An OECD Scoreboard*, SMEs continued to face the dual challenge of an uneven recovery and bank deleveraging through 2012. The crisis has impacted SMEs more than large firms due to their greater dependence on bank financing. See <http://oe.cd/Cp>

## Development's productivity gap

Income levels in most developing and emerging countries will not catch up with advanced economies without efforts to boost productivity. A report, *Perspectives on Global Development 2014*, shows that while China, Kazakhstan and Panama may reach OECD income levels by 2050, several middle-income countries, including Brazil, Colombia, Hungary, Mexico and South Africa, will take much longer, unless labour productivity rises. For more, read <http://oe.cd/Cl>

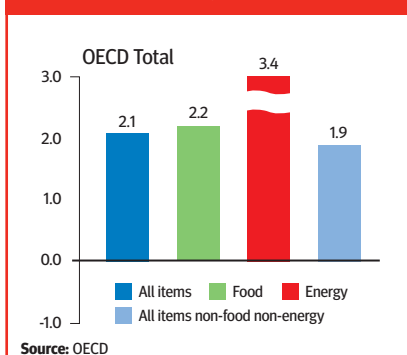
## Plus ça change...

"The problem of democratisation is closely linked with the problem of 'poverty' groups and areas, that is those groups which are socially disadvantaged to the extent that they are unable to take part in the general expansion of educational opportunities. Indeed, one of the most disquieting features of post-war educational expansion has been the baffling persistence of inequalities of educational opportunity."

"The 'Educational Revolution' in the OECD Countries" by J.R. Gass, Deputy Director, OECD Directorate for Scientific Affairs, in Issue No 34, June 1968

**Observer** 

Consumer prices, selected areas  
May 2014 % change on a year earlier





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# Corporate leaders

## Your supply chain is your responsibility

Roel Nieuwenkamp, Chair, OECD Working Party on Responsible Business Conduct



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Bangladesh garment factory lies in rubble, April 2013

**On 24 April 2013 the Rana Plaza, a commercial building and garment factory in Dhaka, Bangladesh, collapsed, claiming some 1,130 lives and injuring thousands more. The shock was felt globally. How could this happen? Who was to blame? If the building was not fit for purpose, why was it being used? How could such a disaster be prevented from happening again?**

The Rana Plaza produced garments for sale, mostly in OECD countries, including by well-known brands. The disaster was a jarring reminder of the need to strengthen the corporate responsibility of such firms over their entire global supply chains. Alas, Rana Plaza was not an isolated incident: from industrial fires to toxic gas leaks, not to mention mining disasters, the world has piled up an embarrassingly long list of industrial and other business disasters involving unnecessary loss of life over the past century. The textile industry

and manufacturing in poor countries such as Bangladesh feature strongly on the list. A lack of corporate responsibility is to blame for many of the incidents. It should not be that way.

If there was a silver lining to Rana Plaza, it is the impressive mobilisation of stakeholders in the wake of the disaster to prevent such a tragedy from happening again. Representatives from industry set up the Bangladesh Accord on Fire and Building Safety, an association of 150 apparel corporations, as well as the Alliance for Bangladesh Worker Safety, which represents 26 retailers. Both initiatives are committed to inspecting and repairing garment factories to ensure safe working conditions in Bangladesh.

The International Labor Organization (ILO) launched the Improving Working Conditions in the Ready-Made Garment Sector (RMGP) initiative in October of 2013, and the Better Work Bangladesh

programme which likewise involves factory inspections as well as implements a standard approach to assessing supplier compliance and auditing.

These initiatives are co-ordinated on the national level by the National Tripartite Plan of Action on Fire Safety and Structural Integrity, which aims to extend inspections and repairs to the factories not already covered by the Alliance and Accord initiatives.

Importing countries have likewise been active, notably through their national contact points (NCP), whose job is to promote and mediate claims under the OECD Guidelines for Multinational Enterprises. The French NCP published a report earlier this year analysing the application of the guidelines to the textile and garment sector and has since been active in promoting the recommendations of the report among local industry, which include aligning local

standards with international policy, such as the guidelines and formulation of risk response strategies to ongoing issues such as subcontracting, dealing with short and sporadic lead times for production, and so on.

The Belgian, Italian, Dutch and Canadian NCPs have also been busy analysing challenges in their textile and garment sector supply chains and promoting so-called due diligence to encourage firms

 The Rana Plaza disaster was a jarring reminder of the need to strengthen corporate responsibility

to check out their suppliers to address some of these issues. Without such due diligence, events like Rana Plaza could happen again.

Indeed, the impacts of these initiatives are slowly starting to be seen. For example, the Accord initiative has already completed inspection of 550 factories and hopes to complete all 1,500 factories it sources from by September. In addition to factory inspections, the families of victims of the Rana Plaza incident are being compensated. A total of nearly US\$15 million has been raised through donations to the Rana Plaza Arrangement, and another US\$1.3 million has been raised through The Prime Minister's Relief and Welfare Fund.

But these are early days and much more needs to be done. More resources are needed, for a start. Otherwise, a lack of capacity in monitoring and enforcement could mean the inspections and other proposed initiatives will be inadequately implemented. Since industry-related initiatives only apply to first-tier factories (those which brands source from directly) there is a serious risk that smaller factories used for subcontracting—generally those with even poorer standards of safety—will escape inspection and regulation.

Meanwhile, compensation schemes have been criticised as being both insufficient

and inefficient. Currently only half of all brands with ties to Rana Plaza have contributed to compensation funds. More could be done here.

The lessons of Bangladesh should also be extended to other garment-producing countries, with similar production risks and institutional weaknesses.

Such due diligence should not be confined to workplace health and safety issues. Rather it should cover issues such as labour and living standards throughout multinational supply chains. A pilot project by the Fairwear Foundation among textile manufacturers in India found that on estimate, labour costs for the production of cotton T-shirts account for only 0.6% of their total price compared to retail mark-ups, which account for 59%. Given the tiny proportion labour costs represent relative to total costs, competition and downward price pressures cannot continue to be used as justification for failure to provide a living wage, let alone safe working conditions.

Nor does the oft-used argument that industry co-operation on fair wage policies would be a form of collusion or price fixing hold any water, especially given the relatively insignificant proportion of labour costs in a garment's pricing.

True, businesses need to be competitive, countries need investment and consumers want well-priced clothing. But until there is clarity on the issue of price fixing, progress on living wage standards will be slowed. Experts in the field of competition law should provide answers to this issue and help resolve the debate.

What can firms do in the meantime to safeguard against adversity in their supply chain? The OECD Guidelines for Multinational Enterprises recommend use of risk-based due diligence. This approach is fully aligned with the UN Guiding Principles on Business and Human Rights and complementary to ISO 26000 which, in addition to the Guidelines, have been

endorsed by most G20 countries.

Under the due diligence framework, buyers and suppliers work together at every tier of the supply chain. This includes the bottom tiers of the textile and garment sectors, not least small companies which are hired for ad hoc rush jobs or sudden demand surges, but which are not part of the formal sourcing network. Often a single actor in a complex supply chain will not possess much leverage with regard to preventing or mitigating adverse impacts. However, a lack of leverage does not justify a lack of action. Rather actors are encouraged to collaborate with one another in order to increase collective leverage through contracting, collective buying agreements and so on.

The second annual Global Forum at the OECD in Paris (26-27 June 2014) was one opportunity for diverse stakeholder groups to review initiatives and ongoing challenges, learn from each other and devise new approaches. For instance, risk-based due diligence could be further strengthened by production of industry-specific guidance for the textile and garment sector. This is something which ministers and stakeholder groups should encourage at the Global Forum and beyond.

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# Corporate social responsibility

## Emerging good practice for a new era

Jane Nelson, Director, CSR Initiative, Harvard Kennedy School

**Are global companies improving their environmental, social and governance performance? There is good reason to be optimistic, though there is much work to be done.**

Some 93% of the world's largest 250 companies now publish annual corporate responsibility reports, almost 60% of which are independently audited. That means companies from sectors as diverse as financial services, information technology and consumer goods to oil, gas and mining making billions of dollars of public commitments to help solve societal challenges.

Yet, the negative headlines persist, fuelled by reports of sweatshops in low-income countries producing cheap goods for OECD markets, fatal tragedies such as the collapse of the Rana Plaza garment factory in Bangladesh in 2013 and the Turkish mining disaster in 2014, and catastrophic environmental accidents. Moreover, the legacy of the global financial crisis, concerns about corporate tax practices, and challenges such as youth unemployment and climate change have forced corporations to lift their sights further above the bottom line and to judge their performance against wider social goals. Economic growth must now be more inclusive and more sustainable. The onus is on firms to produce more jobs, products, services and infrastructure for more people, while putting more emphasis on decent work and fairness, and less strain on natural resources.

It is in this context that the field of corporate social responsibility (CSR) has matured over the past decade. Progress has been driven by a combination of evolving global guidelines, increased stakeholder expectations and more demanding corporate disclosure requirements. Voluntary action by corporate leaders themselves has also played a role, both individually and collectively, to embed CSR into core

business practices, account publicly for performance and scale up impact. CSR has become as central to some businesses as, say, accounting or human resource management. Yet, this progress is happening at neither the speed nor scale needed to drive the type of systemic change that is required to address social and environmental challenges.

Two crucial pillars underpin an effective CSR strategy, regardless of industry sector or location:

First is **responsible business conduct**. This refers to the commitment of companies to comply not only with laws and regulations everywhere that firms operate, but also to adhere to relevant global guidelines, normative frameworks, and industry-wide voluntary principles and standards. It means proactively identifying, mitigating and, where necessary, offsetting negative environmental, social or governance impacts wherever they occur along global value chains.

The second pillar is that of **shared value creation**. This refers to the strategic

decision of companies to address explicit and/or environmental challenges in a manner that also benefits their business.

Although the arguments for effective CSR are increasingly clear, challenges remain in embedding good practice within individual company operations and scaling up this effort across complex global value chains, sectors and countries. Within firms, there is a need to strengthen policies, management and reporting systems, skills, and incentives to drive better decision-making, performance, transparency and accountability.

External barriers must also be confronted. They range from governance gaps, such as corruption and weak rule of law, to market failures and short-termism among investors and consumers. The sheer complexity, number and diversity of actors operating along global value chains create another major challenge.

In addition to ongoing work by individual companies and governments, three areas of joint action offer particularly strong

### Still lives

Boats pass photographs of garment workers taken by students of the Counter Foto photography department, Dhaka, September 2013. The photographs are a celebration of the hardworking Bengali woman, and are part of the Dignity in Industry project by French artist JR.



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potential for overcoming some of these barriers.

#### **First, collective action by corporations:**

This has been one of the most important developments over the past decade, helping companies operating in the same industry or location to scale up their public commitments to promote specific goals or public policies.

In some cases these collective efforts are entirely business-led. Take the Consumer Goods Forum, for example, which brings together some 400 retailers and manufacturers with combined sales of €2.5 trillion, and has made commitments to help achieve zero deforestation by 2020, begin phasing out the use of HFC refrigerants in 2015, and improve consumer health and wellness across the industry. Or consider the International Council of Mining and Metals, which brings together over 20 of the world's largest mining and metals companies explicitly to address core sustainable development challenges, or the International Council of Toy Industries and its common framework for improving safety and working conditions among producers. Also noteworthy are cross-industry global networks, such as the World Business Council for Sustainable Development and the Corporate Leaders Network for Climate Action, as well as country-level collective action, such as the Accord and Alliance groups set up in Bangladesh following the Rana Plaza tragedy and the National Business Initiative that emerged out of political transition in South Africa.

In other cases, these collective initiatives rely on multi-stakeholder platforms that also include governments, NGOs, unions and investors. The Extractive Industries Transparency Initiative is one such platform that brings together 25 compliant countries with over 80 of the world's largest oil, gas and mining companies to improve the transparency of their vast revenues. In 2013, it disclosed revenues worth over US\$1 trillion, giving citizens better information with which to

hold both companies and governments to account. The New Alliance for Food Security and Nutrition is another example: this joint initiative among African leaders, the private sector and development partners promotes responsible investment in agriculture and aims to lift 50 million people out of poverty by 2022. As of 2013,

 Collective action by corporations has been one of the most important developments over the past decade

participating governments had made some 97 policy reform commitments and over 80 companies had made investment commitments. Clearly, such alliances need to be better understood and encouraged.

**The convening role of multilateral institutions is a second area driving progress:** By bringing together disparate and often rival parties to agree on common frameworks and standards for achieving more systemic and transformational change, international organisations can help expedite progress using inter-governmental processes. The OECD Guidelines for Multinational Enterprises, the IFC Performance Standards and the UN Guiding Principles on Business and Human Rights have been particularly useful. The OECD continues to reinforce this work in areas such as responsible investment, anti-bribery and fair taxation, as well as through sector-specific efforts to provide guidance on responsible business conduct in mining and agricultural supply chains. Meanwhile, the UN Global Compact provides another multifaceted platform for dialogue and shared learning, which is now being implemented at the country level through local networks.

**Third, the campaigning, organising and capacity-building role of trade unions and civil society organisations:** NGOs must continue to play what has proven to be a vital role in campaigning against bad corporate practices, providing advice and insight to companies that are serious about CSR, and helping workers,

communities and small producers to become better organised, to negotiate and to stand up for themselves in abusive cases. Oxfam International, Consumer International, Save the Children, Amnesty International and Greenpeace are just a few examples of NGOs engaging with businesses across this spectrum from campaigning to co-operation.

Through these three platforms for scaling up action, the twin pillars of responsible business conduct and shared value creation offer real hope of progress. But it is everyone's responsibility to keep up momentum. If there is to be any hope of achieving the type of systemic change that is needed to tackle increasingly complex social, environmental and governance challenges, and to ensure long-term business success and resilience, then our action must be as thorough as it is constant. As Professor John Ruggie has put it: "... the era of declaratory corporate social responsibility is over. It is no longer enough for governments to act as though promoting CSR initiatives somehow absolved them of their obligations to govern in this domain, and to do so in the public interest. It is no longer enough for companies to claim they respect human rights; they must know and show that they do. And it is no longer enough for rights-holders merely to harbour the hope that governments and companies will fulfil their respective obligations; they are entitled to demand remedy for harm done." The OECD has a vital leadership role to play in catalysing and encouraging both the public policies and business practices needed for a new era of results-driven corporate social responsibility.

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# Ready-made garments in Bangladesh

## No longer a forgotten sector

Khadija Farhana, Freelance Journalist, Dhaka, Bangladesh\*



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The collapse of Rana Plaza in Dhaka, killing over a thousand workers, was not just a human tragedy. The ready-made garments (RMG) sector is hugely important in Bangladesh, both economically and socially. This gives dealing with the Rana Plaza aftermath even greater importance.

The RMG sector contributes around three-quarters of total export earnings. An estimated 4.2 million people are employed in the sector; most are women, half of whom come in from rural areas and remote villages. By 2013 there were approximately 5,000 factories, part of Bangladesh's US\$19 billion a year export-oriented RMG industry.

In June 2013 the Bangladeshi government established a wage board for fixing new wages for workers. In November it set a new minimum wage of BDT5,300 (\$68.40) per month, with a basic of BDT3,000 (\$39) for entry-level garment workers. Factory owners started implementing the new wage board structure as from December 2013.

Over the last 15 years the RMG industry has revolutionised the country in terms of its contribution to GDP growth, women's empowerment, income generation for rural immigrants and socio-economic development. About half of the foreign currency from sales of ready-made garments comes from the EU and the US, with more coming from Canada, Japan, Australia, New Zealand and Russia. Markets are also opening up in the Middle East, Latin America and Africa.

However, global brands have come under huge pressure from consumers while several controversies have emerged in the US, Canada and the EU that call into question the credibility of purchasing garments from Bangladesh.

Indeed, its mills and factories have been marked as death traps for labourers. Tragically, Rana Plaza was a case in point. Retailers from the EU have responded by creating the Bangladesh Accord Group, while in North America a buyers Alliance evaluates compliance issues in Bangladesh's RMG units. The Bangladeshi government has also formed a review committee to investigate

operational conditions in the more than 3,500 garment factories in the country.

Accord is monitoring working conditions in 1,619 factories and the Alliance is monitoring another 700. These factories produce 86% of the country's ready-made garments, which are exported to European and US markets. Both Accord and Alliance have come up with reports after assessment of conditions in about 700 factories.

Thanks to these and other reports, the government has shut down 13 factories in four buildings in Dhaka and Chittagong.

Meanwhile, as well as raising minimum wages, the Bangladeshi government has taken some important steps which include hiring inspectors to conduct preliminary safety inspections and registering more labour unions. In 2013 some 96 new trade unions

The government set a new minimum wage of BDT5,300 (\$68.40) per month, with a basic of BDT3,000 (\$39) for entry-level garment workers

in the RMG sector registered with the Bangladesh Department of Labour (DoL), compared with just two trade unions over the previous two years. Presently, 222 unions in the RMG sector are registered with the DoL.

Compensation has been a problem. While the Bangladeshi government has spent BDT235.5 million for the victims of the Rana Plaza collapse from the prime minister's relief fund, a study by the Centre for Policy Dialogue reported that only 41 out of the 333 badly injured survivors have received compensation. Around 88% of them are yet to accept any financial assistance from the prime minister's fund.

The legacy of the Rana Plaza disaster will continue for some time. Zaid Bakht, from the Bangladesh Institute of Development Studies (BIDS), estimates 13% growth in the RMG sector even after Rana Plaza. He argues that the disaster has focused global attention on issues of workplace safety and labour rights in the country, with the government, buyers, international organisations and workers coming together in an unprecedented effort to improve conditions in the industry.

As Hafiz Ahmed Mazumder, a garment factory owner, puts it, "the RMG industry was primarily in a cluttered circumstance. Industry people are [now] undertaking positive initiatives for more development in terms of labour rights and industry-friendly environment."

\*Ms Khadija Farhana has written widely on development issues, notably for the DEVEX, *The Networker*, *Digital Development Debates*, *The Guardian* and the Asian Development Bank. She is a member of the International Environmental Communication Association, DEVEX. The views are the author's and do not necessarily reflect those of the OECD or its member countries.

# Responsible business conduct: Which way forward?

Corporate social responsibility (CSR) is no longer just a marketing buzzword but has become a mainstream part of business operations in companies the world over. From so-called triple bottom line accounting through legal frameworks to stock market indices that reward responsible business conduct on social and environmental fronts, company values increasingly reflect CSR values too. But what of their global supply chains? Do they hold the same high values? How can multinational companies in particular be sure that the myriad firms they source from in poorer countries do not cut corners with people's lives or the environment? The death toll from the collapse of the brand-driven Rana Plaza garment factory in Bangladesh in 2013 was another tragic reminder that for CSR to have real value, much more needs to be done.

In this OECD Observer roundtable, we asked a range of stakeholders, from government, business, labour and civil society, for their views:

**“What actions are you taking to encourage responsible business conduct and what new steps do you think are needed to strengthen corporate social responsibility worldwide?”**

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Rana Plaza in Bangladesh, April 2013

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## Government

### Netherlands: Acting decisively

Lilianne Ploumen, Minister for Foreign Trade and Development Co-operation, Netherlands



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In the aftermath of the Rana Plaza tragedy in Bangladesh it became clear that action was needed to improve working conditions worldwide. In the Netherlands we decided to bring key stakeholders together from the Dutch garment industry (brands, companies, trade unions and civil society). This resulted in a concrete action plan for their industry's supply chain. A big step forward, and not all that easy, since many of them are competitors.

It is a necessary approach if we are to

make sure businesses remain engaged to improve the working conditions in factories they source from, instead of avoiding the issue and becoming disengaged. We must work together in a race to the top instead of allowing a race to the bottom.

In the case of Bangladesh I call upon all governments to encourage firms that sourced from Rana Plaza to contribute to the Rana Plaza Trust Fund. International joint efforts have led to structural improvements. But immediate action is needed to compensate the victims. All the progress that we make for the future will look bleak and insufficient if the Rana Plaza victims do not get their rightful compensation.

Risks affecting human rights violations and environmental damage are subjects for the extractives sector. The Netherlands is focused on minimising these risks in the coal chain. Multi-stakeholder consultations with the energy sector were organised to discuss ways to interact with mines and governments to improve social and environmental standards. As a result, Dutch energy businesses joined the international Bettercoal initiative, which

developed a globally recognised code of practice that members expect coal-mining enterprises and other stakeholders to adhere to.

To help prevent future Rana Plaza tragedies in other sectors, the Netherlands, in close cooperation with several business sectors, is currently conducting a “due diligence” sector risk analysis. Each supply chain will be scanned for distinctive risks of violations of human rights and the environment. In some chains, the outcome will necessitate changes. The Netherlands considers and presents the OECD Guidelines for Multinational Enterprises (MNE) as the main reference for accountability on responsible business conduct. We offer assistance in bringing business practices in line with the MNE Guidelines.

On an international level, high social and environmental standards should be part of bilateral, regional and multilateral trade agreements. In a good trade environment, regional and global value chains can become strong engines of growth. By focusing on responsible business conduct in their value chains and including social and environmental costs in their

management plans, businesses can play a leading role in bringing about change.

Visit [www.government.nl/ministries/bz](http://www.government.nl/ministries/bz)

## Government

### France: Towards a global approach

Marine de Carné, Ambassador for Corporate Social Responsibility, France



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Corporate social responsibility is a concept to which France is deeply committed. In a country not traditionally inclined towards recourse to soft law, CSR has been legislated extensively, beginning in 2001 with the imposition of a reporting requirement for all publicly traded companies that was extended to all firms with over 500 employees in 2010. France is at the forefront in this area, and is keen to advance further.

In particular, France has set up a CSR platform comprising all stakeholders under the auspices of the prime minister's office, and is exploring possible improvements and good practices. The labelling of socially responsible investments to channel savings towards sustainable and ethical business enterprises is just one of the issues being tackled.

It is on the international level that action must be taken to ensure a level playing field and avert competitive "dumping". At the UN level, France chairs the Group of Friends of Paragraph 47 [of the Rio+20 Declaration], which promotes reporting as an instrument for gauging the private sector's contribution to sustainable development. Because business

enterprises and their impacts know no borders, we deem it absolutely crucial to harness this mechanism worldwide so as to ensure accountability, and we have joined forces with our partners in the Group of Friends to incorporate reporting into the current negotiations on Sustainable Development Objectives.

The OECD is undoubtedly the most relevant and operational forum at present, since it encompasses the countries most directly concerned, and it possesses an instrument—the national contact points (NCPs)—whose full potential we wish to harness in France. The operability of all OECD NCPs should be augmented, so as to forge a kind of universal corpus of case law and take genuine remedial action to ensure the guidelines are respected.

Following the Rana Plaza disaster, the French NCP oversaw a report containing recommendations for the garment industry, which we would like to see examined and implemented by the other OECD countries as well, because it is clear that until the guidelines are applied around the globe, abuses will slip through the net.

In particular, we must work sector by sector and ensure that the system is coherent and comparable internationally.

We welcome the roundtable to be held with the ILO on Rana Plaza's aftermath, and must do what it takes to raise CSR standards worldwide.

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## Business

### Defining clear roles

Winand Quaedvlieg, Chair of BIAC's Investment Committee\*

As we all know, an open international investment climate is crucial for business and a quintessential task for the OECD. Fostering both an open investment environment and responsible business conduct go hand-in-hand.

At BIAC, we consider that responsible business conduct as promoted by the OECD Guidelines for MNEs is an essential



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part of an open investment climate, and in the best interest of business. It is in this spirit that we are committed to work in partnership with the OECD and national governments to promote the guidelines in adhering countries and beyond.

At the same time, it is important to have a clear understanding of the role companies can play and the responsibility governments should have. Three essential elements need to be underlined to ensure broad-based support for the MNE Guidelines.

First, there should be a shared understanding that the NCP process is a mediation procedure and not a prosecution. Second, an over-extensive interpretation of responsibilities along the supply chain would be counterproductive. And third, the guidelines can only apply to MNEs and not to all companies.

In our view, the MNE Guidelines have been formulated in such a way that they can be accepted by all countries participating in—and benefiting from—world trade. We strongly support additional emphasis on outreach activities. At the same time, we need to ensure that there is an enabling investment environment in place, to foster job creation and boost inclusive and sustainable growth around the world.

We strongly believe that the work of the OECD in these areas is fundamental for investment and growth.

\*BIAC is the Business and Industrial Advisory Committee to the OECD; visit [www.biac.org](http://www.biac.org)

## Labour

### Rebuilding Bangladesh and the global supply chain

Philip Jennings, General Secretary, UNI Global Union



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On the morning of 24 April 2013, 1,138 workers, mainly young women, lost their lives in the rubble of the Rana Plaza factory disaster. Effectively the victims of corporate global manslaughter. The worst excesses of inequality, which is the 21st century global plague.

This preventable tragedy claimed as many lives as one of the twin towers of the World Trade Centre 9/11 terrorist attack. Many were complicit: the international brands that turned a blind eye to glaring problems in the factories where their garments were made; the factory owners who knowingly put their workers at risk in order to keep costs low; and the Bangladeshi authorities who made no effort to enforce their own health and safety laws.

UNI Global Union along with our sister global union, IndustriALL, with the backing of the ILO, took a stand and said that enough is enough. With the winds of public outrage behind us, we vowed to turn this corporate global manslaughter into real corporate global responsibility. Not lip service to a PR version of corporate social responsibility, but what John Ruggie had in mind when he set out his Guiding Principles on Business and Human Rights, now incorporated into the heart of the OECD MNE Guidelines.

The result was the Accord on Fire and Building Safety in Bangladesh. After much behind-the-scenes arm-wrestling and

colossal media pressure, by a midnight deadline on 15 May we had convinced a significant number of major brands including H & M, C & A and Inditex to sign the Accord. More than a year later, over 170 leading brands have now signed this agreement, which is both legally binding and a commitment to stay in Bangladesh and make Bangladesh's garment factories safe places to work. Inspections are well under way and by the end of October 2014 we will have inspected more than 1,500 factories covered by the Accord in a wholehearted attempt to prevent the next Rana Plaza.

UNI and its Accord partners have changed the rules of the game in the global supply chain by introducing this enforceable Accord, which has made brands think again about their responsibilities. It is an important step in our wider goal to force back the tide of inequality so vividly described by economist Thomas Piketty and to create a more just and inclusive society. That is why UNI and IndustriALL have signed more than a hundred global agreements with multinationals to make them act responsibly to their workforces. It is also why the theme of UNI's World Congress in Cape Town in December 2014 is "Including You."

[www.uniglobalunion.org](http://www.uniglobalunion.org)

## Civil society

### Safeguarding humanity's future

Janos Pasztor, Acting Executive Director, Conservation, WWF International

As a leading global conservation organisation, central to WWF's mission is building a world where people live in harmony with nature. This is often seen as a plea to save the planet, but it is in fact about saving humanity.

The world's most extraordinary protected places are becoming flashpoints as industrialisation comes into conflict with preservation. To reduce these pressures, WWF is working with businesses to find solutions that allow development to be achieved sustainably without jeopardising nature. Our vision is one where our



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food, fibre, water and energy are sourced smartly, used smartly and valued at their true worth.

One such flashpoint is Africa's oldest national park, Virunga, located in eastern Democratic Republic of the Congo. Home to endangered species found nowhere else, 85% of this UNESCO World Heritage Site is covered by oil concessions. We believe that as long as concessions exist, Virunga's long-term value is at risk. Research shows that this park, which currently generates over US\$48 million per year and sustains 50,000 families, could grow in value to \$1.1 billion. By investing in hydropower, fisheries and ecotourism, 28,000 permanent jobs could be created.

WWF has argued that oil exploration in this protected area by UK-listed Soco International PLC breached the OECD Guidelines for Multinational Enterprises. Our OECD complaint was accepted and in June we reached a mediated solution with Soco that includes not only the company's ending oil operations in Virunga, but also its pledging to stay out of all world heritage sites.

A number of oil and mining companies have agreed to respect sites of outstanding universal value, but many more are seeking to exploit them. We will continue to hold the line working with governments, businesses, OECD, UNESCO and others until these precious places are no longer in danger.

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# Politics and the trust conundrum

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Carne Ross, Founder and Executive Director, Independent Diplomat



**There's a very obvious remedy for governments that wish to restore the public's trust: become transparent, honest and inclusive. This, however, is intrinsically difficult. Any government that managed it would not be a government as we know it, but something else entirely.**

Why are transparency, honesty and inclusion so difficult to achieve? The prevailing concept and model of government is an institution that is elected or self-appointed to govern others: government by a few of the many. Whether in China or the US, or places in between, all such governments rely on a rather flimsy claim of omniscience: that those in government have access to knowledge that the rest of us do not. Their ultimate claim, per Hobbes, is that only the leviathan can provide for the security and safety of the citizenry.

If governments were to become fully transparent, the governed would see "inside the box" and would see what those of us who have worked in government already know—that the king's clothes are rather scanty, at best. Like most big,

ossified hierarchies, governments are actually rather bad at collecting and processing knowledge. They are very poorly designed for it, a deficit that, thanks to the ubiquitous and rapid knowledge offered on the internet, is becoming clear. One reason trust is declining in government is that the claims by officials and politicians that they understand fully what is going on are less and less credible. Full transparency, ironically, would further reduce their credibility. Reheating Bismarck, the sausage machine is not a pretty sight.

Full honesty would destroy most governments. As a British diplomat and sometime speechwriter for a foreign minister, I often, indeed almost always, wrote statements, press releases, talking points and speeches about things I knew almost nothing about, from bombing targets in Iraq to the future of Africa. I could not have admitted this at the time. Certain dismissal would have followed, not least because more or less everyone else was doing the same thing. To admit it would be to pull the whole house down. I'm not proud of this confession, but I doubt that anything has changed.

Like the rest of us poor ignorant fools, governments and politicians spend a lot of time desperately groping around in the darkness, wondering what on earth to do next.

It is little wonder that contemporary governments, ever more challenged to convince the public, spend so much energy on *presentation*. This used to be called press relations but has now been confused by the overheated discourse about "social media". The essence, however, remains the same—one-way communication. Presentation, not policymaking, is the most important skill for any politician or "world leader" today. Honesty about this would destroy whatever slim faith the public has left. Government relies upon this veil of secrecy in order to have any authority at all.

Similarly, proper inclusion of those affected by policy would bring to an end the idea of an elite few who are uniquely qualified and informed to make decisions for the rest of us. Modern politicians love to talk about "public opinion" or "consultation" and occasionally can be seen to suffer "town hall" meetings or public debates, but these occasions are usually little more than theatre. Have you ever been asked your opinion by a politician? Even when I worked directly for them, in their very offices, this never happened. Public opinion polls are pathetically narrow and inadequate gauges of collective views on complicated and interconnected issues, as almost all issues are. Politicians who have spent a lifetime climbing up the greasy pole will not abolish the pole and descend again among the masses.

Moreover, government by the few lends itself all too well to the interests of those already powerful—the rich, large corporations and so on. They too are not going to give up their influence without a fight. In democracies as well as autocracies, government is all too corruptible by vested interests. Almost every country, democratic or not,

suffers from such corruption, hidden or blatant, sometimes lawful. Ensuring that everyone's interests are given a fair shot will abolish this comfortable status quo.

So what would it take to restore that trust? The answer is clear: decision-making that is genuinely open, transparent and inclusive. This

One reason trust is declining in government is that the claims by officials and politicians that they understand fully what is going on are less and less credible

is a different kind of decision-making, but not, as many commentators and politicians pretend, an impossible kind. In the Brazilian city of Porto Alegre, tens of thousands of citizens take part

in decisions on the city's budget. Such "participatory democracy" (call it "real democracy") has transformed Porto Alegre. The city was once characterised by severe inequality between a wealthy centre and impoverished slums. Government was corrupt and inefficient; public services disproportionately favoured the wealthier areas.

But once everyone was included in decision-making, as the World Bank later reported, public spending became more evenly distributed. Provision of basic services such as water, sanitation, schools and roads improved. The numbers of schools quadrupled. Indices of welfare, including health and education, all improved. Interestingly, "politics" and partisan disputes diminished. Corruption in government contracting sharply reduced,

once the process became transparent. Citizen participation improved.

This is what democratic government could look like. This is how governments can restore trust. But don't hold your breath for such reforms to be instituted quickly. Turkey don't vote for Christmas. Those who benefit from the current institutional set-up will talk about "reform" and "consultation", but where it matters—how money is spent—will remain business as usual. Inexorably, trust will continue to decline as the gap between claims and reality persists and inequality mounts. Those who have the power today need to think of new excuses, because the old ones are not working.

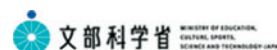
For more viewpoints on trust, see [www.oecdforum.org](http://www.oecdforum.org) and [www.oecd.org/yearbook](http://www.oecd.org/yearbook)

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March, 2012, Tohoku  
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## How to stop wasting food



**Neil Barrett**  
Group Vice President  
Sustainable Development  
Sodexo

**Each year about one-third of all the food produced globally ends up wasted even as hundreds of millions of people go hungry.**

Every day, 980 million people go hungry, but it is not a problem of scarcity. More than enough food is produced for everyone on the planet and for the foreseeable future—in fact, it is estimated that food wasted in the United States and Europe alone could feed the world three times over. Yet one in five people are going hungry and efforts to increase agricultural production threaten to accelerate climate change. Both are unnecessary.

The real problem is that production, distribution, preparation and consumer food waste results in approximately one-third of all food produced for human consumption lost or wasted every year (1.3 billion tonnes). What can people do to reduce food waste?

As a quality of life service provider, serving 75 million consumers every day, Sodexo is tackling food waste on several fronts, encompassing all aspects of food production and distribution as well as communication and awareness campaigns targeted at both employees and consumers. By focusing its waste reduction efforts on the processes within its sphere of influence, Sodexo's 428,000 employees contribute to the effort and allow us to track our performance and progress.

Given its position in the value chain and the breadth of its economic activity, Sodexo is well placed to contribute to more efficient consumption. Because of its overview of the food chain, from farm

to consumer to garbage can, we are able to take a holistic view of all aspects of food waste, ensuring that efforts to reduce waste in one area do not generate waste in another.

Industry-wide collaboration across the value chain is an important prerequisite for establishing where waste principally occurs and where innovation is best introduced. Participation in business and government fora, where collaboration, sharing of good practices and innovation are “institutionalised” as a way of ensuring mutual company benefits and food waste reduction, is necessary and important.

In addition to food waste, our clients and consumers have always been interested in food safety, quality, traceability and consistency of product along the value chain which can extend over continents and oceans. For example, farmed fish wasted on a plate in London, that was farmed

“Collaboration across the value chain is important prerequisite for establishing where waste principally occurs

in Scotland, grown with fish meal, including fish caught off the coast of South America in an unsustainable fashion, can deprive coastal Peruvians/Ecuadorians of protein and local livelihoods.

How can we empower consumers to act, tell them the impact they're having, make them feel good about their contribution? Annually, Sodexo organises a programme called WasteLESS Week involving thousands of consumers from corporate employees to teachers and students at all levels, on the subject of food waste. Sodexo's WasteLESS Week has one simple message at its heart: less waste means a better quality of life for everyone. Through the use of personal empowerment, WasteLESS Week helps people to understand the linkage between their actions and quality of life in their community, engaging employees, consumers and clients.

There can be no more fundamental quality-of-life outcome than a world in which 100% of the food produced for human consumption is consumed, and where people everywhere have adequate food to meet their needs.

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# Economic outlook: Achieving a resilient recovery\*

Rintaro Tamaki, OECD Deputy Secretary-General and Acting Chief Economist

**The recovery from the Great Recession has been slow and arduous, and has at times threatened to derail altogether.**

The major advanced economies are finally gaining momentum. Private-sector confidence is rebuilding. After years of weakness, investment and trade have started to rebound. While unemployment remains unacceptably high, the labour market situation is improving in most countries and has stopped deteriorating virtually throughout the advanced economies.

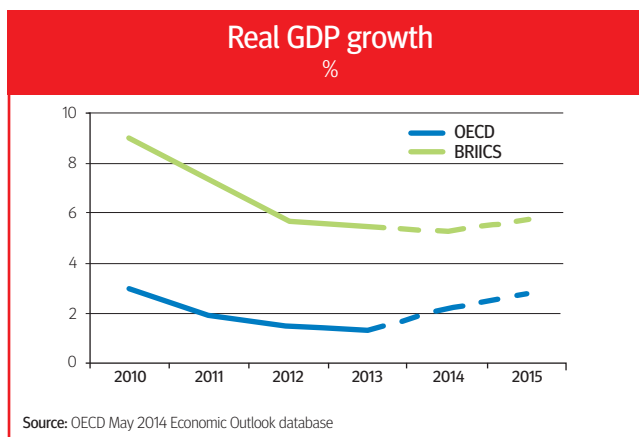
On the other hand, the pace of growth in the major emerging market economies has slowed. Part of this deceleration is benign, reflecting cyclical slowdowns from overheated starting positions—the growth rates now seen in China are undoubtedly more sustainable from both economic and environmental perspectives than the double-digit pace of a few years ago. However, managing the credit slowdown and the risks that built up during the period of easy global monetary conditions could be a major challenge.

The likelihood of some of the most worrisome events that have preoccupied markets and policymakers in recent years has diminished. Risks are overall better balanced, although still tilted to the downside. Financial tensions in emerging markets are one risk that could blow the global recovery off course and have bigger spill-overs than anticipated. It is not the only one. Falling inflation in the euro area could turn into deflation. Geopolitical risks have also increased since the start of the year.

Policy focus can now switch from avoiding disaster to fostering a stronger and more resilient recovery. The legacy of the crisis still needs to be addressed. The crisis has left scars in the labour market, notably higher unemployment and lower participation of the more vulnerable groups. Growth prospects are weaker than in the pre-crisis era. Moreover, one of the key lessons of the crisis is the need to make our economies and societies more resilient—more robust to shocks—and more inclusive, with the welfare gains from stronger growth better shared across the population. While steps have been taken in both areas, much more needs to be done.

After difficult years of low growth and fiscal stringency, policymakers are facing these challenges with depleted political capital. But they need to seize the opportunity to set global growth on a stronger and more sustainable footing. This is key to supporting confidence and has to be backed by macroeconomic and structural policy actions, including the promotion of institutional frameworks that support the implementation of reforms.

Given persisting downside risks, high unemployment, below-target inflation, and high levels of government debt, monetary policies need to remain accommodative in the main OECD areas. In particular, we call on the European Central Bank (ECB) to take new policy actions to move inflation more decisively towards



target and to be ready for additional non-conventional stimulus if inflation were to show no clear sign of returning there.

The high levels of government debt in all major advanced economies mean that there is little room for fiscal accommodation. Nevertheless, following significant progress in stabilising their public finances, most OECD countries can afford the planned slowdown in structural budget improvement. This is not the case of Japan, where consolidation needs remain very large. Given its high level of public debt, a credible medium-term fiscal consolidation plan is essential. In most countries, reducing public debt to more prudent levels and managing future pension and health spending pressures will be a challenge and requires fiscal reforms to ensure the sustainability of public finances without compromising the quality of public services.

It is now time to speed up the pace of structural reforms. Such reforms, while often facing resistance from vested interests, can offer a win-win by raising growth potential and allowing many of the poorest to achieve higher living standards. These policies are critical to the success of Abenomics in Japan, as well as to rebalance the euro area and foster the convergence to higher incomes by emerging economies.

While impressive reform efforts have been made by crisis countries, there remains substantial scope to boost productivity and create jobs through policies to remove barriers to domestic and international competition in both advanced and emerging economies. This would increase innovation and help get the most out of global value chains, as well as boost investment in the near term and support resilience.

As unemployment starts receding, measures to tackle long-term unemployment and make sure it does not become entrenched are a high priority that requires reforms to remove obstacles to more robust job creation and strengthen and redesign active labour market policies.

\*Editorial published originally in the *OECD Economic Outlook*, No 95, May 2014

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It allows us to practice and test how we might encounter similar challenges in the real world, and develop creative and critical skills along the way.



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# Teaching class

Andreas Schleicher, Director of the OECD Directorate for Education and Skills



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## What teachers—and the rest of us—can learn from the OECD Teaching and Learning International Survey (TALIS).

We entrust our children—and our countries' future—to teachers, but do we really know how they feel about teaching, or what teaching practices they consider effective, or what makes them successful in their work? Today we reveal the results from our Teaching and Learning International Survey (TALIS), which asked more than 100,000 teachers in 34 participating countries about how their daily work is recognised, appraised and rewarded, about their attitudes towards teaching, and about their own experiences as lifelong learners. The results are important.

For example, if a teacher is convinced that students learn better when they are encouraged to think through and solve problems on their own, then they are likely to use more active, student-centred approaches to teaching and learning, such as having students work in small groups or doing project work. Indeed, TALIS shows that more than 90% of teachers believe that students should be allowed to think of solutions to a problem themselves before teachers show them the solution. But in Italy, Norway and Sweden, only between 45% and 59% of teachers agree that students learn best by trying to solve problems on their own.

No matter how good teachers' initial teacher education was, it won't have prepared them for all the challenges they face in the classroom. TALIS shows that induction and mentoring programmes can provide teachers new to a school or new to teaching with invaluable assistance, and participating in professional development activities throughout a career hones teachers' skills even further. These activities do not have to be costly or involve external experts. For example, TALIS shows that mentoring systems can be based on collaboration with other teachers in the school. Teachers can also form, or join already established, collaborative research groups and teacher networks, and/or simply observe their colleagues as they teach.

TALIS also shows that constructive and fair teacher appraisals and feedback have a positive effect on teachers' job satisfaction

and on their confidence in their abilities as teachers. Some 88% of teachers, on average, said that they receive feedback in their school. But in Denmark, Finland, Iceland, Italy, Spain and Sweden between 22% and 45% of teachers said that they have never received feedback in their current school. That's very disappointing, because feedback makes such a difference. On average across countries, 62% of teachers said that the feedback they receive in their school led to moderate or large positive changes in their teaching practices: more than one in two teachers said moderate to large improvements in their use of student assessments (59%) and in classroom management practices (56%), and 45% of teachers said that feedback led to moderate or large improvements in the methods they use for teaching students with special needs. What this tells us is that teachers can use appraisals and feedback as tools to improve teaching practices that will, in turn, improve student learning. They should also work with other teachers to develop a system of peer feedback on all aspects of teaching, from lesson planning and classroom practice to student evaluation.

While in many countries there is a lot of debate about the ideal class size, TALIS finds that class size has no measurable impact on teaching efficacy. But teachers who reported that they instruct classes where more than one in ten students are low academic achievers or have behavioural problems also reported significantly lower levels of confidence in their abilities to teach, or what is known as self-efficacy. Yet TALIS also finds that having good relations with students and with other teachers in school can at least partly offset the negative impact of teaching these kinds of classes.

Most encouragingly, nine out of ten teachers across countries said that, overall, they are satisfied with their jobs, and nearly eight in ten said they would still choose to become teachers if they had to make the decision all over again...even though fewer than one in three teachers believes that teaching is a valued profession in society.

So what can teachers learn from these findings? Since TALIS finds that teachers who participate more in decision-making in their school are also more likely to believe that society values teachers, they should be open to working together with colleagues and school leaders. If formal collaborative activities aren't already established, they should take the initiative to create them. They should also take advantage of professional development opportunities, especially if they are provided in the school and involve colleagues.

And what can the rest of us learn? That we need to value our teachers more and treat them like the professionals they are.

### Reference

Teaching and Learning International Survey (TALIS) [www.oecd.org/edu/school/talis.htm](http://www.oecd.org/edu/school/talis.htm)

## The disadvantaged can succeed in business



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**A promising policy to increase employment and foster social inclusion is the promotion of business creation by the disadvantaged. The potential residing amidst disadvantaged groups such as women, seniors, youth, migrants, unemployed or people with disabilities is enormous. Several methods are available to make this potential a reality.**

In many countries, such as Germany, where an ageing population is becoming a problem, the participation of the disadvantaged in the business world presents a solution. Some of these people have high qualifications—it is a waste not to capitalise on them because their integration into economic activity is relatively more difficult.

There are several factors needed to foster the entrepreneurial spirit of the disadvantaged. Of course, policymakers must provide stable political and legal conditions, as well as a positive climate in society towards entrepreneurs. This social perception is the principal prerequisite for a level playing field among all entrepreneurs. Furthermore, disadvantaged groups need special financial support to build confidence in their business ideas for their realisation.

Two factors, confidence and motivation, decide whether a person creates their own business. Therefore, policymakers must concentrate on how to motivate the disadvantaged to join the entrepreneurial world. Schools and universities should surely be a focus as they have a direct influence on potential candidates. Indeed, universities have the possibility of educating future entrepreneurs in a targeted manner. Television, radio and social media as opinion formers could also be a great support.

Businesses start with an idea. Through partnerships with universities, these ideas can be refined and successfully implemented. This is one reason why German start-ups and small and medium-sized enterprises repeatedly succeed in generating outstanding innovations and introducing these into world markets that are dominated by large corporations. The exchange of ideas and monetary support for research and development (R&D) motivate the entrepreneurial spirit. Thus, the disadvantaged can also be encouraged to start their own businesses.

Furthermore, start-ups can be supported by sponsorships from fellow business people who have solidified their market positions. The sponsorship can be financial, such as through equity funding. In addition, management consultancy can be a valuable resource for novices. Business risks are then reduced and the chances of reaching a break-even point are increased.

During the OECD Forum 2014 ([www.oecdforum.org](http://www.oecdforum.org)), one participant had an interesting suggestion. Organisations such as the OECD could play a key role in promoting disadvantaged entrepreneurs by,

“Social perception is a prerequisite for a level playing field among all entrepreneurs

for example, creating an internet forum where potential entrepreneurs could post their ideas and solicit assistance. Investors who find the ideas convincing could get in touch with these entrepreneurs and support them. The OECD could even offer an award for promising ideas as an added attraction. Entrepreneurs' motivation and confidence would rise tremendously. The newly founded enterprises would evolve into the next generation of SMEs forming the new backbone of national economies.

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# Technology-powered trade: Energising sustainable development in international trade

Saemundur Finnogason, Research Student, Lund University, Sweden, and Hanne Melin, Policy Strategy Counsel EMEA, eBay Inc



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In a recent article in the *OECD Observer*, Vézina and Melin describe how online platforms lower trade barriers and enable micro to small and medium-sized enterprises (SME) to build multinational operations. The contrast with traditional trade is stark, where exporting is normally confined to the largest corporations. Technology is reshaping the international trading landscape, and the changes are real and quantifiable. This is sharpening the role international trade can play in promoting sustainable development.

The European Union is determined that international trade should contribute to promoting sustainable development. The

goal is a priority under the Trans-Atlantic Trade and Investment Partnership (TTIP) negotiations.

Recent research from Lund University not only supports these initiatives, but points to how the goals can be achieved.

The concept of sustainability is normally defined as consisting of three interlinked elements or pillars: economic growth, social development and environmental protection. Our analysis, which echoes that of Vézina and Melin, suggests that trade, when enabled by the internet and technology services, promotes the economic pillar in an unparalleled way by opening up world markets to small

exporters, thereby facilitating the growth of multinational SMEs.

This very conclusion should inform our definition of the economic pillar and how policies are shaped. In particular, creating opportunities for SMEs becomes a key part of creating economic growth in the context of sustainable development, and internet and digital services are effective tools to that end.

But this should also influence how we think about the social and environmental pillars, and how negative impacts in one pillar might be offset by positive impacts in another. In short, as the OECD has long argued, sustainable development

can be achieved only by measures aimed at maximising the total value of all three pillars, while not losing focus on progressing each one of them.

Based on a refined economic pillar—one in which small business participation in global trade is supported and part is formed by the use of digital services—the following four measures would maximise total value and thereby promote sustainable development.

First, trade policies are needed for a new age. Today, this means policies adapted to the merging of technology and trade and to the involvement of SMEs in global economic activity.

Examples of such policies include improving and harmonising customs procedures by raising minimum thresholds, promoting regulatory standards that support digital payments, structuring a global consumer rights system, and promoting the principles of interconnection and openness as the core of the internet.

Inclusive growth would be a key likely outcome. Free trade has been criticised by some for not succeeding in reducing poverty or bringing about a higher standard of living for all. The Lund research does not find that technology-enabled trade has yet radically improved the situation, but interestingly it highlights the enhancement of specialised workforce skills. With the right support and tenacity, especially from supportive government job policies and even wage guidance, these skills can open up opportunities for meaningful and future-oriented careers for millions of workers. That would mean sustained poverty reduction and raised living standards.

Second, governments should work together to simplify and streamline transportation, while making it as “green” and efficient as possible. They can do this, for instance, by promoting international standardisation of box sizes, label

formats, and tracking data terminology. Full digitalisation of customs processes would cut time delays at customs, thus reducing lags in the logistics systems and advancing economic and environmental

## Trade policies are needed for a new age

aspects of modern international trade. Moreover, with the use of real-time data and optimisation tools in customs processes, infrastructure across the globe based on information and communications technology can play an even more important role in reducing the environmental impacts from transport and delivery. Such a development will need international policy support. Here, the OECD could play an influential role, alongside the likes of the UN’s Universal Postal Union, in facilitating transnational regulatory co-operation in the area of postal and delivery services.

Third, policymakers should give online retailers a helping nudge. SMEs can be drivers of change due to their agility in taking on new business models and adapting to changes in operating environments. However, they are often limited by financial, time, and expertise constraints. Supportive structures, ranging from digital services to private-public networks, could help overcome these problems—for instance, by educating sellers and consumers on product sourcing and production. Good examples of using transparency to encourage curiosity, bolster confidence and set industry standards are Patagonia’s Footprint Chronicles of its supply chain and Honest By’s breakdown of the materials that make up each product.

There is an important policy angle to transparency of trade flows: rules of origin need to reflect the patterns of small global exporters, and be made less burdensome administratively so that small and micro-sized firms will be able to rely on them. Also, the information these rules, including non-preferential

ones, elicit could be combined with big data analytics to create benefits for consumers as well as contribute to more transparent and efficient trade flows.

A fourth policy strategy is to take steps to make the backbone itself greener. As SMEs take greater advantage of the technology’s commercial possibilities, the energy intensity of trade will rise. Data centres powered by environmentally friendlier energy sources are expanding.

The trouble is, cleaner forms of energy are often more expensive than fossil fuels, resulting in higher operating costs for environmentally conscious firms. Governments could as one measure help with clean-energy policies to tilt incentives away from harmful fuels while making renewable energy more affordable.

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# THIS IS HOW WE PREVENT THE SPREAD OF DISEASE\*

\*Efficient cleaning reduces the risk of infections



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# Let's make wisdom matter!

## OECD Forum 2014

The great Gabriel García Márquez—our dear, recently departed Gabo, who is now surely in Macondo having a coffee with Colonel Aureliano Buendía—once wrote: “*La sabiduría nos llega cuando ya no sirve para nada*” (Wisdom arrives to us when it's no longer useful). This OECD Forum is an attempt to challenge that warning. After six years of crisis, the world needs our wisdom, our inspiration, our new ideas, now. There are billions of people waiting for that new idea, and that new idea can be born here at the OECD.

The global economy is showing important signs of progress. But it is not enough. It is still not enough to bring the 202 million unemployed back to a decent job. This is not enough, when we have 73 million youngsters out of work. This is not enough, when inequalities in many countries are now growing faster than before the crisis. And this is certainly not enough, when trust in leaders, governments, parliaments, corporations, banks, rating agencies, regulators and media, is eroding and reaching record lows.

This crisis should be a game-changer. We cannot go back to business as usual, to the same active inertia where high net worth individuals and multinationals don't contribute their fair share to society; where the vulnerabilities of financial systems are camouflaged; where speculation and leverage keep flying high; and where some policymakers and economists are still clinging to economic models that have been proven obsolete, wrong or unsustainable.

It is time to imagine a new type of growth that is focused on the well-being of people, on the benefits of equitable societies, on the trade-offs and complementarities of different policies in favour of human progress. I am talking about what we at the OECD call **inclusive growth**, one of the three main topics of this year's OECD

Forum and a central discussion in our 2014 Ministerial Council Meeting.

The OECD's Inclusive Growth Initiative takes up the challenge. It aims to enhance policymakers' understanding of the adverse effects of rising inequality on growth, and turn inclusiveness into a driver of stronger economic performance.

The second topic of this Forum is **jobs**. This is still the centre of gravity of the crisis. The crisis destroyed nearly 14 million jobs across OECD countries. In spite of recent progress, many of our countries are still facing unacceptably high levels of unemployment. A large segment of the unemployed are under 25. A worrying number has been out of work for more than a year. Fixing this deplorable situation implies some of the most complex policy challenges: the OECD is helping governments tackle weak labour market adaptability and inadequate skills development. We are monitoring labour markets, training policy responses and migration trends. And we are accelerating our work to deal with youth unemployment with the OECD's “Giving Youth a Better Start”.

If education and training don't improve the lives of our youth, because at the end of these efforts they face the unemployment cliff, we will be undermining the most important value for any democracy and any market economy: trust!

This is the third topic that we will address in this Forum. One of the heaviest legacies of the crisis is the erosion of **public trust** to historically low levels. The 2014 Edelman Trust Barometer puts global trust in governments at 44%, with record lows in places like France (with 32%), Mexico (28%) and Poland (19%). These are alarming numbers. The “evaporation of trust” in key institutions weakens our democracies, erodes social cohesion, makes reform more difficult and damages economic growth.

The OECD has a duty and a responsibility in reinvigorating trust. As Diane Coyle wrote in the *OECD Yearbook*: “we will only be able to make the necessary difficult decisions if there is enough trust in those whose job is to lead us.”

So we will have to challenge conventional knowledge. We will need new economic thinking and acting. This is why the OECD has launched its New Approaches to Economic Challenges Initiative (NAEC), to revise our economics, to question the established models and improve our policy advice.

After all, what is the point of economics if not to improve people's lives? What is the point of economic policy if not to build more inclusive and harmonious societies? What is the value of international co-operation if not to share our knowledge to raise the living standards of the most vulnerable? Let's prove Garcia Marquez wrong: let's make wisdom count!

Extract from opening remarks by Angel Gurría, OECD Secretary-General, delivered at the OECD Forum, “Resilient Economies for Inclusive Societies”, Paris, 5 May 2014. The complete address can be read [www.oecd.org/about/secretary-general/publicationsdocuments/speeches/](http://www.oecd.org/about/secretary-general/publicationsdocuments/speeches/)

For more information see [www.oecd.org/yearbook](http://www.oecd.org/yearbook) and [www.oecdforum.org](http://www.oecdforum.org)



Wise questioning at the OECD Forum 2014; for more photos see <https://www.flickr.com/photos/oecd/sets/>

# Resilient economies and inclusive societies

## Empowering people for jobs and growth

### 2014 Ministerial Council Statement

1. On the occasion of the 2014 OECD Ministerial Council Meeting, we<sup>1</sup> have assembled under the chairmanship of Japan, on the 50th anniversary of its accession to the OECD, and the vice-chairmanship of Slovenia and the United Kingdom.

2. We expect the global recovery to gather momentum, but some significant downside risks remain, including those associated with ongoing geopolitical tensions. In major advanced economies, unemployment has fallen slightly, trade is beginning to grow faster than output, and investment is picking up, while the outlook for major emerging-market economies remains mixed.

3. **Resilient economies and inclusive societies:** Against this backdrop, we discussed how we can achieve “resilient economies and inclusive societies” to generate jobs and growth, empower people and promote the well-being of our citizens. We share a common goal of increasing resilience of our economies by incorporating multi-dimensionality into policy design to help identify trade-offs, complementarities and unintended consequences of policy choices. Sound and appropriate macroeconomic management including responsible fiscal policies, further structural reforms and further global rebalancing are all essential for achieving robust, resilient and inclusive growth, taking into account rising inequality.

4. To strengthen resilience, we need to enhance the productivity and competitiveness of our economies and industries, by ensuring a strong financial system, stable public and private financing, and efficient allocation of resources. Knowledge-based capital, open internet, innovation, science and technology, as well as entrepreneurship are all crucial to provide new sources of growth in the face of long-term challenges, such as ageing and environmental degradation. In this context, updating the Innovation Strategy is important, as is the OECD’s work on the digital economy, including through its Privacy Guidelines and Internet Policy Principles.

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Japan's Foreign Minister Fumio Kishida and OECD Secretary-General Angel Gurría at the press conference closing the 2014 Ministerial Council Meeting, 7 May

5. Rising inequality endangers social cohesion and weakens social resilience, thereby hampering economic resilience. A key challenge is to achieve inclusive growth by providing social protection and empowerment to people, which can strengthen human security. Appropriate flexibility and security in labour markets and relevant education and skill programmes can facilitate greater inclusion and participation of under-represented groups. We welcome OECD initiatives targeting these groups, including on gender equality, youth employment, ageing society and the integration of migrants. We also recognise that regional and urban policies can play a key role in empowering people and building resilience at all levels of our economies and societies.

6. We recognise the important role played by governments in promoting structural and other reforms to increase economic, social and environmental resilience. We underscore the importance of rebuilding public trust through greater openness, transparency and accountability of governments, including by combating corruption and enhancing the fairness of our tax systems. We welcome the progress on the Base Erosion and Profit Shifting (BEPS) initiative and adopt the Declaration on Automatic Exchange of Information in Tax Matters (AEOI).<sup>2</sup> We also adopt the Recommendation of the Council on the Governance of Critical Risks<sup>3</sup> and look forward to OECD’s strategic approaches to risk management and financing to help governments strengthen their resilience.

7. **New Approaches to Economic Challenges (NAEC):** We launched the NAEC initiative in 2012 to derive policy lessons from the crisis and to update the OECD’s analytical frameworks in an increasingly complex and interconnected global economy. We welcome the progress outlined in the NAEC Synthesis Report and look forward to the Final Synthesis Report to be presented at the next ministerial meeting. As unemployment and inequality remain priority issues in many countries, we underscore the need to move towards more inclusive growth. We also note other emerging policy recommendations aimed at increasing macroeconomic stability, addressing long-term challenges and improving policymaking and international policy co-ordination.

8. We call on the organisation to mainstream the NAEC results into OECD activities and to provide the best policy mix, bearing in mind trade-offs and complementarities among different policy choices as well as the importance of our stocks of economic, human, social and natural capital. We encourage the OECD to keep its forecasting processes under review and to strengthen its strategic foresight capabilities. We also encourage the organisation to monitor the resilience of major economies, including key partners<sup>4</sup>, and to reflect this result in the organisation’s framework of analyses and policy recommendations.

9. **Environmentally sustainable (“greener”) growth:** We recognise the need to enhance our resilience to environmental shocks. We



Tim Groser, Minister of Trade, Climate Change Issues and Associate Minister of Foreign Affairs, New Zealand; Fernando Aportela Rodríguez, Vice-Minister of Finance and Public Credit, Mexico; Sonja Stessl, Vice-Minister at the Ministry of Finance, Austria; Ingrid Brockova, Ambassador of Slovakia to the OECD; and István Mikola, Ambassador of Hungary to the OECD, at the 2014 OECD Ministerial Council Meeting, 6-7 May

identify climate change as one of the most comprehensive global risks and therefore adopt the 2014 OECD Ministerial Statement on Climate Change.<sup>5</sup>

**10. Strengthening the multilateral trade system:** We underline that free trade remains a key driver for growth and job creation. We reaffirm our standstill and rollback commitments to resist all forms of protectionism. Following the 2013 WTO Ministerial Conference in Bali, we will work together for early adoption and effective implementation of the Trade Facilitation Agreement and to develop the post-Bali work programme. We reaffirm our commitment to strengthening the rules-based multilateral trade system, recognising new realities of the global trade landscape and the role of regional trade agreements and plurilateral initiatives. We encourage the OECD to enhance its work on Global Value Chains (GVCs) including expanding its Trade in Value Added (TiVA) database. We welcome the Services Trade Restrictiveness Index (STRI) which will help governments promote efficiency and competitiveness. We encourage the OECD to promote greater participation of all economies, including developing countries, in international trade.

**11. Promoting a better business climate:** Investment is another driver of jobs and growth. We underscore the role of the OECD to improve our understanding of investment flows. We look forward to the updating of the Policy Framework for Investment (PFI) by our next ministerial

meeting. We also support the OECD's efforts to promote a global level playing field for business, involving non-member economies, including through the analysis of investment treaties, competitive neutrality, responsible business conduct, international co-operation in regulatory policy and competition law enforcement, and export credits.

**12. Partnerships for global resilience and OECD's global reach:** We believe that the OECD can contribute to the inclusive and sustainable development of the world economy by strengthening its partnerships with various countries and regions including through a regional approach in accordance with the Resolution on Strengthening the OECD's Global Reach. We reiterate the importance of sharing OECD standards and best practices with key partners and strengthening their participation in the organisation's work in areas of common interests and mutual benefits. We welcome the formal launch of the Southeast Asia Regional Programme and call on the OECD to take further steps on its implementation. We also welcome the progress in the accession processes of Colombia and Latvia. We reaffirm our commitment to work closely with Costa Rica and Lithuania consistent with the above Council Resolution. We call on the OECD's efforts to help partner countries overcome their policy challenges, including a "middle-income trap" wherever relevant. We support the role that the organisation plays in strengthening global governance.

**13. Development as empowerment:** The OECD should continue to play an active role in tackling development challenges, including a supporting role in contributing to the post-2015 development agenda. We are committed to mainstreaming the OECD Strategy on Development and monitoring its full implementation. In this context, we welcome work on policy coherence for development and knowledge sharing, as well as contributions to global initiatives, such as the Global Partnership for Effective Development Co-operation. We will work together with our partners to support them in making full use of a wide range of resources for development, including private finance, domestic revenues, and South-South co-operation, in addition to official development assistance (ODA) which remains a key instrument in development, particularly for countries most in need.

**14. Improving efficiency of the organisation:** We remain committed to strengthening OECD's efficiency, effectiveness and impact. We welcome the role of the secretary-general in proposing new initiatives, including his Strategic Orientations. We continue to work on the OECD's governance review with a view to its completion by the end of 2014. We also look forward to the results of the Value for Money project.

<sup>1</sup> Ministers and representatives of Australia, Austria, Belgium, Canada, Chile, Colombia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, the United States and the European Union.

<sup>2</sup> The Declaration on AEOL was adopted by the OECD member countries together with Argentina, Brazil, the People's Republic of China, Colombia, Costa Rica, India, Indonesia, Latvia, Lithuania, Malaysia, Saudi Arabia, Singapore and South Africa.

<sup>3</sup> The Recommendation was adopted by the OECD member countries, and Colombia, Costa Rica, Latvia, Morocco and Tunisia also adhered to it at the time of its adoption.

<sup>4</sup> The key partners of the OECD are Brazil, the People's Republic of China, India, Indonesia and South Africa.

<sup>5</sup> The Ministerial Statement on Climate Change was adopted by the OECD member countries and joined by Colombia and Latvia.

The 2014 Ministerial Council Meeting took place at the OECD on 6-7 May. For Chair's Summary, Strategic Orientations of the Secretary-General, and other related documents, see [www.oecd.org/mcm](http://www.oecd.org/mcm)

# Recent speeches by Angel Gurría



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## Moving beyond rhetoric: Responsibility in practice

26 June 2014

Opening Remarks at the 2nd Global Forum on Responsible Business Conduct, Paris, France

## Inclusive Growth: The way forward for the US

12 June 2014

Opening remarks delivered at the Center for Strategic and International Studies, marking the launch of the 2014 *Economic Survey of the United States*, Washington, DC, United States

## Launch of 2014 *Economic Survey of Canada and Employment and Skills Strategies in Canada*

11 June 2014

Remarks delivered at the launch of the 2014 *OECD Economic Survey of Canada* and the *OECD Employment and Skills Strategies in Canada*, Montreal, Canada

## Special Board Meeting of the Canadian Chamber of Commerce

10 June 2014

Remarks delivered at the Canadian Chamber of Commerce before the launch of the 2014 *OECD Economic Survey of Canada*, Montreal, Canada

## Launch of OECD report–*The Cost of Air Pollution: Health Impacts of Road Transport*

21 May 2014

Remarks delivered at the International Transport Forum Summit in Leipzig, Germany

## Second Europe-Latin America Economic Forum

20 May, 2014

Remarks delivered at the second “Europe-Latin America Economic Forum” in Paris, France

## Shifting Wealth and Global Economic Challenges–An OECD Perspective

14 May 2014

Remarks delivered at the World Conference of the Bilateral German Chambers of Industry and Commerce, Berlin, Germany

## Launch of the *Economic Survey of Germany 2014*

13 May 2014

Remarks delivered at the launch of the 2014 *Economic Survey of Germany*, Berlin, Germany

## The Reform Agenda

13 May 2014

Remarks delivered at the meeting with Heads of International Organisations, at the invitation of Chancellor Angela Merkel, Berlin, Germany

## Launch of Southeast Asia Regional Programme

6 May 2014

Remarks delivered at the OECD Ministerial Council Meeting 2014, Paris, France

## Ministerial Council Meeting 2014 Opening Session–Remarks to Introduce Prime Minister Shinzo Abe

6 May 2014

Opening remarks at the OECD Ministerial Council Meeting 2014, Paris, France

## Launch of the *OECD Economic Outlook, May 2014*

6 May 2014

Remarks delivered at the launch of the *OECD Economic Outlook*, Paris, France

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Mr Nimrod Barkan, Israel

Mr Carlo Maria Oliva, Italy

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Mr Noé van Hulst, Netherlands

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Mr Mithat Rende, Turkey

Mr Iztok Jarc, Slovenia

Ms Annika Markovic, Sweden

Ms Claudia Serrano, Chile

Mr Daniel Yohannes, United States

Ms Emese Borza, Chargé d'affaires a.i., Hungary

Ms Maria Francesca Spatolisano, European Union

# Calendar highlights

Please note that many of the OECD meetings mentioned are not open to the public or the media and are listed as a guide only. All meetings are in Paris unless otherwise stated. For a comprehensive list, see the OECD website at [www.oecd.org/newsroom/upcomingevents](http://www.oecd.org/newsroom/upcomingevents), which is updated regularly.

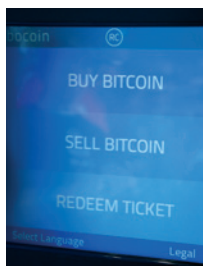
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|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------------------------------------------------------------------------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------|
| <b>JUNE</b> |                                                                                                                                                                                                     | 14-25            | <b>International Summer School</b> for co-operation and local development, 2014 Edition. Trento, Italy. | <b>OCTOBER</b>  |                                                                                                                          |
| 25-26       | Launch of the 2013 results of the <b>OECD Teaching and Learning International Survey (TALIS)</b> : How to Best Shape Teacher Policies? Policy lessons from international comparisons. Tokyo, Japan. | 18-29            | <b>G20 Trade</b> . Sydney, Australia.                                                                   | 2-3             | <b>Global Forum on the Knowledge Economy</b> . Tokyo, Japan.                                                             |
| 26-27       | <b>2nd Global Forum on Responsible Business Conduct</b> . OECD H.Q., Paris, France.                                                                                                                 | <b>SEPTEMBER</b> |                                                                                                         | 7-8             | <b>New World Forum</b>                                                                                                   |
| 30          | <b>VI International Economic Forum Latin America and the Caribbean</b> . Ministry of Economy and Finance of France. Paris, France.                                                                  | 2                | Statistics release: Consumer Price Indices.                                                             | 7-8             | US Department of Commerce's <b>Discover Global Markets: Greater China Business Forum</b> . New York City, United States. |
| 30          | <b>Joint EU-LAC Foundation-OECD Development Centre Meeting</b> . Paris, France.                                                                                                                     | 6-8              | <b>Global Economic Symposium</b> . Kuala Lumpur, Malaysia.                                              | 9-10            | <b>G20 Finance Ministers and Central Bank Governors Meeting</b> . Washington DC, United States.                          |
| <b>JULY</b> |                                                                                                                                                                                                     | 6-10             | <b>G20 Labour and Employment</b> . Melbourne, Australia.                                                | 15-17           | <b>Women's Forum Global Meeting 2014</b> , 10th edition. Deauville, France.                                              |
| 1           | Launch of: Perspectives on Global Development 2014. Development Week. Paris, France.                                                                                                                | 9                | Statistics release: Harmonised Unemployment Rates.                                                      | 10-18           | <b>6th Africa Forum</b> . Kampala, Uganda.                                                                               |
| 1           | <b>2nd Development Centre High Level Meeting (HLM)</b> . Paris, France.                                                                                                                             | 16-29            | <b>69th Session of the UN General Assembly</b> . New York City, United States.                          | 21-24           | <b>16th International Anti-Corruption Conference (IACC)</b> . Tunis, Tunisia.                                            |
| 2           | OECD holds its 6th annual <b>Global Forum on Development (GFD)</b> . Development Week.                                                                                                              | 18-20            | <b>G20 Finance and Central Bank Deputies meeting</b> . Cairns, Australia.                               | 28-29           | <b>7th Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes</b> . Berlin, Germany.   |
|             |                                                                                                                                                                                                     | 23               | <b>2014 Climate Summit</b> . New York City, United States.                                              | <b>NOVEMBER</b> |                                                                                                                          |
|             |                                                                                                                                                                                                     | 30               | Statistics release: Consumer Price Indices.                                                             | 12-16           | <b>G20 Leaders Summit</b> . Brisbane, Australia.                                                                         |
|             |                                                                                                                                                                                                     |                  |                                                                                                         | 10-12           | <b>25th ASEAN Summit 2014</b> .                                                                                          |

## Frankie.org by Stik



# Bitcoin: More than a bit part?

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The world's first ATM cash machine opened in Vancouver in October 2013, offering Bitcoin conversion to and from Canadian dollars. As the global use of

Bitcoin continues to increase, governments around the world have both greeted and shunned the anonymous digital crypto-currency. The US and Canada treat Bitcoin as a taxable and tradable commodity, akin to stocks and capital assets (though in June 2014 California removed a ban on using currencies other than the US dollar, which could boost confidence in such alternative payment methods). Meanwhile, China has forbidden Bitcoin outright, while France, Germany and Korea do not recognise its legitimacy.

In "The Bitcoin Question: Currency versus

Trust-less Transfer Technology," the OECD's special advisor to the secretary-general on financial markets, Adrian Blundell-Wignall, explains the draws of Bitcoin while outlining some policy challenges. As a so-called crypto-currency, Bitcoin transactions bypass conventional third parties such as banks, reducing the costs of ownership transactions vis-à-vis credit cards and money transfers. These crypto "money" transmissions are also untraceable and can easily be used for tax evasion, money laundering and illicit financing. Without the legal backing of a commodity or an inherent market value, Bitcoin also falls prey to irrational "greater-fool" trading and volatility.

Mr Blundell-Wignall suggests policies that tackle the challenges of anonymity, while permitting the development of "trust-less transfers." This technology promises to be "disruptive" to all intermediaries and the high costs they charge for their technologies and

services. These developments should encourage competition and improve consumer welfare. But anonymous money transmission is entirely another matter. Registration of participants should be mandatory to allow tax, consumer protection, and anti-laundering authorities to authenticate the identity of the users. Income statements and balance sheet reporting within digital currency networks would increase accountability. Most importantly, policymaking must be agile in our heady world as already, second-wave digital currencies such as Litecoin, Worldcoin and Mastercoin have emerged to rival the Bitcoin, while new technologies such as the Ripple protocol are already being used (with some banks getting involved early in order to minimise future disruption).

Blundell-Wignall, A. (2014), "The Bitcoin question: Currency versus trust-less transfer technology", *OECD Working Papers on Finance, Insurance and Private Pensions*, No. 37, OECD Publishing. <http://dx.doi.org/10.1787/5jz2pwjd9t20-en>



Global economic power and influence is rapidly shifting east. But the onset of the Asian Century is accompanied by what some observers are calling the Asian Paradox: the fact that the world's fastest growing region is home to almost half the world's extreme poor, and faces major challenges in areas such as health, governance and food security.

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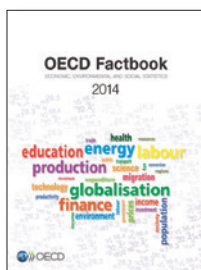
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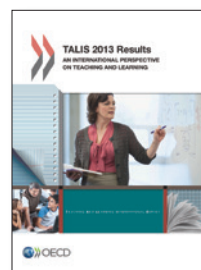


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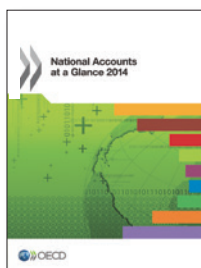


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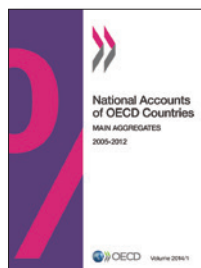
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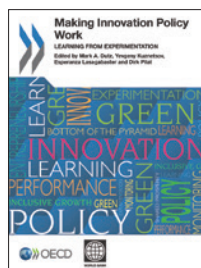
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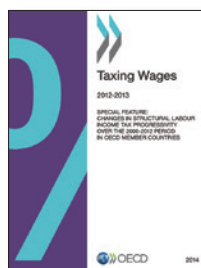
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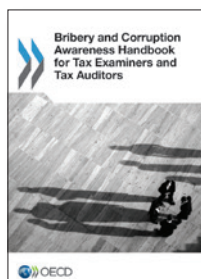


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This publication examines how effectively boards manage to align executive and board remuneration with the longer-term

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ISBN 978-92-64-11351-0, August 2011, 144 pages  
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# Myanmar invests in a new future



After decades of economic isolation, Myanmar has boldly re-entered the global market with a wide range of policy reforms intended to court foreign trade and investment.

Reforms range

from improvements in infrastructure, to food security and agricultural growth, to monetary and financial sector transformations. Rich in natural resources and a young labour force, the country of over 60 million people once called the “rice bowl” of Asia stands to gain much from opening its economy to the world.

The *OECD Investment Policy Review of Myanmar* is a timely guide for policymakers and investors hoping to help pave the way forward. By reviewing effective policy actions, and providing suggestions for the

future, the text outlines opportunities and challenges ahead. The Foreign Investment Law of 2012, for example, is praised for extending legal protections to foreign investors. In the future, however, new frameworks must also incorporate the principle of non-discrimination, easing sector and product-based restrictions on foreign investors while measuring the effectiveness of existing joint-venture requirements.

Attracting lasting investment in agriculture is another priority of the Myanmar government. New land registration laws as well as generous tax incentives are set to draw in businesses, though the OECD recommends greater harmonisation of legislation and the development of rural infrastructure as more sustainable solutions.

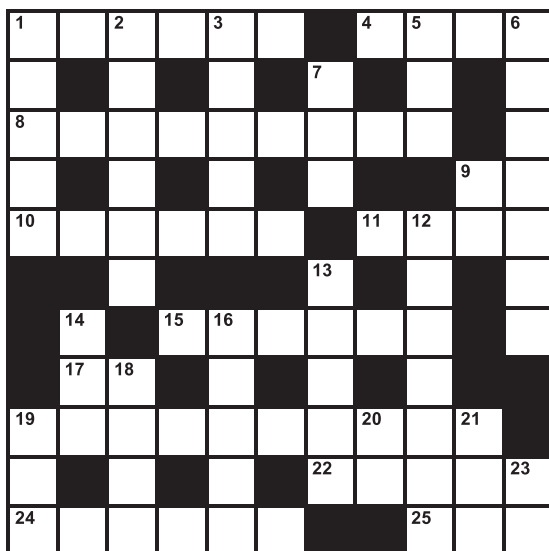
Great progress has also been made through policies to encourage responsible business conduct. Myanmar re-entered the

International Labour Organization in 2012, following new legislation that criminalised the exaction of forced labour, and permitted the organisation of labour unions. The new Labour Dispute Settlement Law further establishes workers’ rights protections, while a minimum wage stands recognised after 2013. Social impact and environmental assessments are similarly required of all businesses thanks to the Environmental Conservation Law of 2012. A strong precedent has now been set for the gradual introduction and recognition of international standards of labour rights, environmental protection and responsible business conduct.

OECD (2014), *OECD Investment Policy Reviews: Myanmar 2014*, OECD Publishing.

<http://dx.doi.org/10.1787/9789264206441-en>

## OECD Observer Crossword No 2, 2014



### Across

- 1 Protection from danger and risk in the workplace
- 4 Rein in
- 8 Where the rich hide their earnings e.g. (2 words)
- 9 Weight measurement
- 10 Gratify unethical appetites
- 11 French girlfriend
- 15 Personal codes of conduct
- 17 Negative vote
- 19 Country where a textile factory collapsed in 2013
- 22 Direct, like some committees
- 24 Fight against
- 25 Hindi title

### Down

- 1 Deceptive scheme (2 words)
- 2 Influencing illegally
- 3 Find the source of illegal funds transfers, e.g.
- 5 Increases
- 6 An OECD Convention criminalised this in relation to foreign officials
- 7 Part of FDIC, abbr.
- 9 Roman 51
- 12 Embezzles, in the case of funds perhaps
- 13 Makes a person obligated, by contract
- 14 Type of evidence used in criminal cases
- 16 National deliberations
- 18 Responsibility
- 19 Prevent
- 20 Much loved alien, in film
- 21 That lady
- 23 Common Korean name and abbreviation for a US state

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For crossword solutions do the OECD crossword online.  
See [www.oecdobserver.org/crossword](http://www.oecdobserver.org/crossword)

## The economics of happiness

If you feel like happiness is the truth, you might be well poised to stop clapping along with Pharrell Williams, and start seeking out a new place to settle up north. While Switzerland topped the list of the happiest OECD countries in 2012, the high ranks were dominated by the Nordic circle of Norway, Iceland, Sweden and Denmark.

On a scale where 10 represents the best possible life, and 0 represents the worst, Anglophone countries all ranked in the top half of the list, with an average score of 7.1. Among emerging powers, Brazil topped the rankings with a score of 6.7, on par with Germany, and higher than the combined average of all 34 OECD member countries. As one of the most unequal countries in the world, South Africa's score of 4.5 fell just short of satisfaction levels in Hungary, a country which continues to suffer through a massive public deficit.



During the global crisis, satisfaction levels of many OECD countries dropped steeply. Greece experienced the sharpest decline of 1.5 points, followed by a 0.8, 0.7, and 0.6 point drop in Spain, Italy and Portugal, respectively. Following

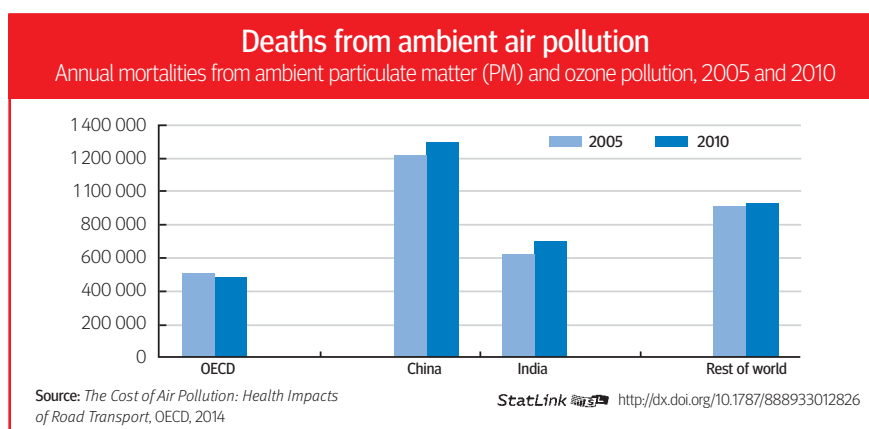
these Mediterranean countries, the US experienced the second largest decline in the OECD area, with a half-point drop from 7.5.

See [www.oecd.org/social/](http://www.oecd.org/social/) and [www.oecdbetterlifeindex.org/](http://www.oecdbetterlifeindex.org/)

## Air pollution kills

The total number of deaths attributed to airborne pollution continues to decrease across the OECD world, largely thanks to regulatory policies for transport vehicle emissions and technological improvements. Between 2005 and 2010, pollution-related mortalities fell by 4% from approximately 498,000 cases a year, to just over 478,000. But a closer look reveals a more worrying picture. Outside of the EU, only the US and Israel have successfully attained reductions in deaths, while 14 other member countries—including Australia, Canada and Japan—actually recorded an increase in the absolute number of mortalities.

Outside the OECD, figures portray a grimmer tale. Globally, premature deaths from ambient air pollution have risen by 4% over the same time period. In China, there has been a 5% increase in the already high number of 1,215,180 deaths, with 64,000 new cases. India reported



an even sharper increase of 12% from over 620,000 deaths. Indeed, China and India account for more than half of the economic costs of pollution-related health grievances worldwide. According to the OECD, the 3.4 million deaths worldwide in 2010 represent an estimated US\$3.5 trillion dollars in expenses and lost productivity across OECD countries plus China and India.

Across the developing world, growing levels of traffic far outpace the implementation of stricter emission controls. Governments can help reduce the death toll by adopting tax and regulatory policies that address diesel and petrol emissions.

See [www.oecd.org/environment](http://www.oecd.org/environment)

# Is there more to life than football?

## *“Transformar o Jogo Bonito em Vida Bonita”*

Anthony Gooch, Director of the OECD Public Affairs and Communications Directorate, and Joint Project Leader, OECD Better Life Initiative



Launching the ball: Pelé (right) with Brazil's minister of sport, Aldo Rebelo

**“Some people believe football is a matter of life and death... I can assure you it is much, much more important than that.”**

**This phrase by Bill Shankly, the legendary manager of Liverpool Football Club, has become immortal for football obsessives of the “beautiful game” (or *o jogo bonito* as Brazilians call soccer).**

Few of us would go that far, but football, and sport generally, are hugely important to people's lives from all sorts of perspectives.

With the planet in its four-yearly bout of World Cup fever, it's important to spare a thought for what happens when the final whistle blows, the game is over and the crowds go home. At the OECD, we've looked at “the day after”, the legacy of organising big sporting events. In 2010, before the London 2012 Olympics, we produced a review of the possible Olympic and Paralympic legacy for London, arguing that big events can make a positive, lasting contribution to their hosts if they build on strengths that are already there; you don't have to start from scratch.

Making lives worth living in ways they would not have been lived otherwise is the core of the argument. Our partner foundation in Brazil, the Fundação Getúlio Vargas (FGV), has undertaken analysis on the impact of football on the socio-economic development of Brazil (FGV Projetos Cadernos 6/13 No 22). As with the Olympics, staging the World Cup is expensive. Brazil will have spent BRL26 billion (US\$11 billion) on football stadiums and upgrades of airports, ports and urban mobility for the competition. But this accounts for only 0.7% of overall planned investment in Brazil in 2010-14 and most of the impact has already been felt, while for host cities and states, official estimates of World Cup-related spending range from just 0.24% to 12.75% of expected 2014 fiscal revenues.

Even so, US\$11 billion is a huge sum of money, and millions of Brazilians who have emerged from poverty in recent years may think it excessive to spend that much on football. With a growing

lower middle class that pays taxes, demand for better education, health and transport is only going to increase. According to a recent survey by the Pew Research Center, over 60% of the population thinks hosting the event is a bad thing for the country because it takes money away from schools, health care and other public services.

The question of what makes life worth living, of how best to balance competing interests, capacities and objectives, is one that governments are trying to answer all the time. The OECD's stated aim is to help develop “Better Policies for Better Lives”, but we know that, like football fans debating the greatest team of all time—Brazil 1970? Real Madrid 1960?—there's no definitive answer. Therefore it is important to give citizens, voters and taxpayers the information and the voice to empower them to communicate to policymakers and shapers all over the world their opinion about what counts for them.

To do so, we launched *O Índice para uma Vida Melhor*, the Portuguese version of the OECD's Better Life Index, on 9 June, with footballing legend Pelé, Brazil's Sports Minister Aldo Rebelo and our partners for *O Índice*, the FGV. The online index enables citizens the world over to create their index of well-being and quality of life according to what is important to them. These include not only material aspects such as income, jobs and housing, but also quality of life aspects such as sense of community, education, environment, governance, health, safety, work-life balance and, last but not least, life satisfaction or a sense of happiness. Currently the index captures data for 36 countries worldwide and this number is set to increase over time.

Since its launch in 2011, more than 4 million people in 184 countries have used the OECD Better Life Index, which has been referenced internationally as a model for presenting material on measuring well-being. Portuguese will be the sixth language version, enabling over 250 million more people to access the index in their mother tongue, as is currently the case for English, Spanish, French, German and Russian speakers.

We have chosen the World Cup in Brazil as the ideal moment to launch the online global multilingual campaign “Is there *#more2life* than football?” to raise awareness across the globe on what really matters to people in their daily lives, what constitutes well-being and quality of life in the 21st century.

For Matias Deodato de Castro e Melo, a character in one of Brazilian writer Machado de Assis' *Histórias sem Data* (*Stories Without a Date*), “a felicidade é um par de botas”—happiness is a pair of boots. After *o jogo bonito*, it's time to build a *vida bonita*.

Adapted from a blog published on [www.oecdinsights.org](http://www.oecdinsights.org), 9 June 2014

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OECD (2010), *Local Development Benefits from Staging Global Events: Achieving the Local Development Legacy from 2012*, OECD Publishing.

# Is there #more2life than football?

[www.oecdbetterlifeindex.org](http://www.oecdbetterlifeindex.org)



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|                                                                                     |                | % change from:         |         |                 |               | level:            |         |                |                       |
|-------------------------------------------------------------------------------------|----------------|------------------------|---------|-----------------|---------------|-------------------|---------|----------------|-----------------------|
|                                                                                     |                |                        |         | previous period | previous year |                   |         | current period | same period last year |
|    | Australia      | Gross domestic product | Q1-2014 | 1.1             | 3.5           | Current balance   | Q1-2014 | -5.1           | -12.9                 |
|                                                                                     |                | Industrial production  | Q1-2014 | 3.4             | 5.7           | Unemployment rate | Q1-2014 | 5.9            | 5.5                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.6             | 2.9           | Interest rate     | Q1-2014 | 2.6            | 3.0                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|    | Austria        | Gross domestic product | Q1-2014 | 0.2             | 0.9           | Current balance   | Q4-2013 | 2.2            | 2.3                   |
|                                                                                     |                | Industrial production  | Q1-2014 | 1.8             | 2.3           | Unemployment rate | Q1-2014 | 4.9            | 4.9                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.1             | 1.6           | Interest rate     | Q1-2014 | 0.3            | 0.2                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|    | Belgium        | Gross domestic product | Q1-2014 | 0.4             | 1.2           | Current balance   | Q4-2013 | 0.8            | -4.3                  |
|                                                                                     |                | Industrial production  | Q1-2014 | -0.8            | 4.0           | Unemployment rate | Q1-2014 | 8.5            | 8.3                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.4             | 1.0           | Interest rate     | Q1-2014 | 0.3            | 0.2                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|    | Canada         | Gross domestic product | Q1-2014 | 0.3             | 2.2           | Current balance   | Q1-2014 | -11.2          | -14.9                 |
|                                                                                     |                | Industrial production  | Q1-2014 | 1.1             | 3.3           | Unemployment rate | Q1-2014 | 7.0            | 7.1                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.9             | 1.4           | Interest rate     | Q1-2014 | 1.2            | 1.2                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|    | Chile          | Gross domestic product | Q1-2014 | 0.7             | 2.0           | Current balance   | Q1-2014 | -2.0           | -3.1                  |
|                                                                                     |                | Industrial production  | Q1-2014 | 0.3             | -1.0          | Unemployment rate | Q1-2014 | 6.4            | 6.2                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | 1.3             | 3.4           | Interest rate     | Q1-2014 | 4.2            | 0.0                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|    | Czech Republic | Gross domestic product | Q1-2014 | 0.4             | 2.5           | Current balance   | Q4-2013 | -0.3           | -1.3                  |
|                                                                                     |                | Industrial production  | Q1-2014 | 1.3             | 6.9           | Unemployment rate | Q1-2014 | 6.6            | 7.2                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.4             | 0.2           | Interest rate     | Q1-2014 | 0.4            | 0.5                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|    | Denmark        | Gross domestic product | Q1-2014 | 0.9             | 1.5           | Current balance   | Q4-2013 | 6.9            | 4.5                   |
|                                                                                     |                | Industrial production  | Q1-2014 | -0.9            | -1.0          | Unemployment rate | Q1-2014 | 6.8            | 7.2                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.2             | 0.6           | Interest rate     | Q1-2014 | 0.3            | 0.3                   |
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|    | Estonia        | Gross domestic product | Q1-2014 | -1.2            | -0.8          | Current balance   | Q4-2013 | 0.1            | -0.1                  |
|                                                                                     |                | Industrial production  | Q1-2014 | 0.3             | -1.1          | Unemployment rate | Q1-2014 | 7.9            | 9.1                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.4             | 0.6           | Interest rate     | Q1-2014 | 0.3            | 0.2                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|    | Finland        | Gross domestic product | Q1-2014 | -0.4            | -0.5          | Current balance   | Q1-2014 | -0.4           | -0.5                  |
|                                                                                     |                | Industrial production  | Q1-2014 | -3.2            | -5.2          | Unemployment rate | Q1-2014 | 8.4            | 8.1                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.4             | 1.3           | Interest rate     | Q1-2014 | 0.3            | 0.2                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|    | France         | Gross domestic product | Q1-2014 | 0.0             | 0.8           | Current balance   | Q1-2014 | -7.8           | -13.2                 |
|                                                                                     |                | Industrial production  | Q1-2014 | -0.3            | -0.2          | Unemployment rate | Q1-2014 | 10.4           | 10.3                  |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.2             | 0.7           | Interest rate     | Q1-2014 | 0.3            | 0.2                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|  | Germany        | Gross domestic product | Q1-2014 | 0.8             | 2.3           | Current balance   | Q1-2014 | 68.6           | 65.0                  |
|                                                                                     |                | Industrial production  | Q1-2014 | 1.1             | 4.2           | Unemployment rate | Q1-2014 | 5.2            | 5.4                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.2             | 1.2           | Interest rate     | Q1-2014 | 0.3            | 0.2                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|  | Greece         | Gross domestic product | Q1-2014 | ..              | ..            | Current balance   | Q1-2014 | 0.0            | -1.1                  |
|                                                                                     |                | Industrial production  | Q1-2014 | 2.4             | 0.5           | Unemployment rate | Q4-2013 | 27.4           | 26.2                  |
|                                                                                     |                | Consumer price index   | Q1-2014 | -1.1            | -1.3          | Interest rate     | Q1-2014 | 0.3            | 0.2                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|  | Hungary        | Gross domestic product | Q1-2014 | 1.1             | 3.2           | Current balance   | Q4-2013 | 1.4            | 0.3                   |
|                                                                                     |                | Industrial production  | Q1-2014 | 3.2             | 7.5           | Unemployment rate | Q1-2014 | 8.0            | 11.0                  |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.1             | 0.0           | Interest rate     | Q1-2014 | 3.1            | 0.0                   |
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|  | Iceland        | Gross domestic product | Q1-2014 | -0.7            | -1.7          | Current balance   | Q4-2013 | 0.2            | -0.1                  |
|                                                                                     |                | Industrial production  | Q4-2013 | 3.3             | 1.3           | Unemployment rate | Q1-2014 | 5.4            | 5.5                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.3             | 2.5           | Interest rate     | Q1-2014 | 6.2            | 6.2                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|  | Ireland        | Gross domestic product | Q4-2013 | -2.3            | -0.6          | Current balance   | Q4-2013 | 4.1            | 3.3                   |
|                                                                                     |                | Industrial production  | Q1-2014 | 4.6             | 3.3           | Unemployment rate | Q1-2014 | 12.1           | 13.7                  |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.0             | 0.1           | Interest rate     | Q1-2014 | 0.3            | 0.2                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|  | Israel         | Gross domestic product | Q1-2014 | 0.5             | 2.8           | Current balance   | Q4-2013 | 2.2            | 0.6                   |
|                                                                                     |                | Industrial production  | Q1-2014 | -0.1            | 0.7           | Unemployment rate | Q1-2014 | 5.8            | 6.6                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | -0.7            | 1.3           | Interest rate     | Q1-2014 | 0.8            | 1.7                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|  | Italy          | Gross domestic product | Q1-2014 | -0.1            | -0.5          | Current balance   | Q1-2014 | 7.9            | -0.1                  |
|                                                                                     |                | Industrial production  | Q1-2014 | 0.0             | 0.0           | Unemployment rate | Q1-2014 | 12.7           | 11.9                  |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.2             | 0.5           | Interest rate     | Q1-2014 | 0.3            | 0.2                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|  | Japan          | Gross domestic product | Q1-2014 | 1.6             | 2.8           | Current balance   | Q4-2013 | -3.0           | 13.3                  |
|                                                                                     |                | Industrial production  | Q1-2014 | 2.7             | 7.8           | Unemployment rate | Q1-2014 | 3.6            | 4.2                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.0             | 1.5           | Interest rate     | Q1-2014 | 0.2            | 0.3                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|  | Korea          | Gross domestic product | Q1-2014 | 0.9             | 4.0           | Current balance   | Q4-2013 | 20.2           | 14.0                  |
|                                                                                     |                | Industrial production  | Q1-2014 | 0.2             | 1.2           | Unemployment rate | Q1-2014 | 3.5            | 3.2                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.9             | 1.1           | Interest rate     | Q1-2014 | 2.7            | 2.8                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|  | Luxembourg     | Gross domestic product | Q4-2013 | 0.7             | 2.4           | Current balance   | Q4-2013 | 2.3            | 0.8                   |
|                                                                                     |                | Industrial production  | Q1-2014 | -3.5            | 7.0           | Unemployment rate | Q1-2014 | 6.1            | 5.6                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | 0.0             | 1.1           | Interest rate     | Q1-2014 | 0.3            | 0.2                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |
|  | Mexico         | Gross domestic product | Q1-2014 | 0.3             | 0.6           | Current balance   | Q4-2013 | -2.9           | -5.0                  |
|                                                                                     |                | Industrial production  | Q1-2014 | 0.4             | ..            | Unemployment rate | Q1-2014 | 4.9            | 5.0                   |
|                                                                                     |                | Consumer price index   | Q1-2014 | 1.9             | 4.2           | Interest rate     | Q1-2014 | 3.8            | 4.7                   |
|                                                                                     |                |                        |         |                 |               |                   |         |                |                       |

|                                                                                     |                           |                        |         | % change from:     |                  |                   |         | level:            |                          |
|-------------------------------------------------------------------------------------|---------------------------|------------------------|---------|--------------------|------------------|-------------------|---------|-------------------|--------------------------|
|                                                                                     |                           |                        |         | previous<br>period | previous<br>year |                   |         | current<br>period | same period<br>last year |
|    | Netherlands               | Gross domestic product | Q1-2014 | -1.4               | -0.3             | Current balance   | Q4-2013 | 17.9              | 19.4                     |
|                                                                                     |                           | Industrial production  | Q1-2014 | -6.1               | -8.6             | Unemployment rate | Q1-2014 | 7.2               | 6.2                      |
|                                                                                     |                           | Consumer price index   | Q1-2014 | 0.2                | 1.1              | Interest rate     | Q1-2014 | 0.3               | 0.2                      |
|    | New Zealand               | Gross domestic product | Q4-2013 | 0.6                | 2.3              | Current balance   | Q4-2013 | -0.7              | -1.8                     |
|                                                                                     |                           | Industrial production  | Q4-2013 | 3.7                | 3.6              | Unemployment rate | Q1-2014 | 6.0               | 6.2                      |
|                                                                                     |                           | Consumer price index   | Q1-2014 | 0.3                | 1.5              | Interest rate     | Q1-2014 | 3.0               | 2.7                      |
|    | Norway                    | Gross domestic product | Q1-2014 | 0.3                | 1.8              | Current balance   | Q4-2013 | 12.5              | 17.3                     |
|                                                                                     |                           | Industrial production  | Q1-2014 | 3.5                | 5.2              | Unemployment rate | Q1-2014 | 3.4               | 3.6                      |
|                                                                                     |                           | Consumer price index   | Q1-2014 | 0.4                | 2.1              | Interest rate     | Q1-2014 | 1.7               | 1.9                      |
|    | Poland                    | Gross domestic product | Q1-2014 | 1.1                | 3.5              | Current balance   | Q4-2013 | 0.2               | -2.7                     |
|                                                                                     |                           | Industrial production  | Q1-2014 | 0.7                | 5.9              | Unemployment rate | Q1-2014 | 9.9               | 10.6                     |
|                                                                                     |                           | Consumer price index   | Q1-2014 | 0.2                | 0.8              | Interest rate     | Q1-2014 | 2.7               | 3.7                      |
|    | Portugal                  | Gross domestic product | Q1-2014 | -0.7               | 1.1              | Current balance   | Q3-2013 | -0.6              | -0.5                     |
|                                                                                     |                           | Industrial production  | Q1-2014 | -1.0               | 2.1              | Unemployment rate | Q1-2014 | 14.9              | 17.4                     |
|                                                                                     |                           | Consumer price index   | Q1-2014 | -0.9               | -0.1             | Interest rate     | Q1-2014 | 0.3               | 0.2                      |
|    | Slovak Republic           | Gross domestic product | Q1-2014 | 0.6                | 2.0              | Current balance   | Q4-2013 | 0.0               | 0.8                      |
|                                                                                     |                           | Industrial production  | Q1-2014 | 1.7                | 9.1              | Unemployment rate | Q1-2014 | 14.0              | 14.3                     |
|                                                                                     |                           | Consumer price index   | Q1-2014 | 0.0                | -0.1             | Interest rate     | Q1-2014 | 0.3               | 0.2                      |
|    | Slovenia                  | Gross domestic product | Q1-2014 | -0.3               | 1.5              | Current balance   | Q4-2013 | 0.4               | 0.5                      |
|                                                                                     |                           | Industrial production  | Q1-2014 | 0.8                | 1.6              | Unemployment rate | Q1-2014 | 9.7               | 10.5                     |
|                                                                                     |                           | Consumer price index   | Q1-2014 | -0.9               | 0.5              | Interest rate     | Q1-2014 | 0.3               | 0.2                      |
|    | Spain                     | Gross domestic product | Q1-2014 | 0.4                | 0.5              | Current balance   | Q4-2013 | 8.4               | 8.3                      |
|                                                                                     |                           | Industrial production  | Q1-2014 | 0.5                | 1.3              | Unemployment rate | Q1-2014 | 25.3              | 26.3                     |
|                                                                                     |                           | Consumer price index   | Q1-2014 | -1.2               | 0.0              | Interest rate     | Q1-2014 | 0.3               | 0.2                      |
|    | Sweden                    | Gross domestic product | Q1-2014 | -0.1               | 1.8              | Current balance   | Q4-2013 | 8.4               | 8.7                      |
|                                                                                     |                           | Industrial production  | Q1-2014 | 0.8                | -1.0             | Unemployment rate | Q1-2014 | 8.1               | 8.1                      |
|                                                                                     |                           | Consumer price index   | Q1-2014 | -0.7               | -0.3             | Interest rate     | Q1-2014 | 0.7               | 1.0                      |
|   | Switzerland               | Gross domestic product | Q1-2014 | 0.5                | 1.7              | Current balance   | Q4-2013 | 14.3              | 15.1                     |
|                                                                                     |                           | Industrial production  | Q4-2013 | -0.9               | -1.1             | Unemployment rate | Q4-2013 | 4.1               | 4.4                      |
|                                                                                     |                           | Consumer price index   | Q1-2014 | -0.2               | 0.0              | Interest rate     | Q1-2014 | 0.0               | 0.0                      |
|  | Turkey                    | Gross domestic product | Q4-2013 | 0.5                | 4.8              | Current balance   | Q4-2013 | -16.1             | -10.5                    |
|                                                                                     |                           | Industrial production  | Q1-2014 | 2.5                | 4.6              | Unemployment rate | Q4-2013 | 8.7               | 8.3                      |
|                                                                                     |                           | Consumer price index   | Q1-2014 | 3.0                | 8.0              | Interest rate     | Q1-2014 | ..                | ..                       |
|  | United Kingdom            | Gross domestic product | Q1-2014 | 0.8                | 3.1              | Current balance   | Q4-2013 | -36.2             | -22.7                    |
|                                                                                     |                           | Industrial production  | Q1-2014 | 0.7                | 2.5              | Unemployment rate | Q4-2013 | 7.1               | 7.7                      |
|                                                                                     |                           | Consumer price index   | Q1-2014 | 0.1                | 1.7              | Interest rate     | Q1-2014 | 0.5               | 0.5                      |
|  | United States             | Gross domestic product | Q1-2014 | -0.2               | 2.0              | Current balance   | Q4-2013 | -81.1             | -102.3                   |
|                                                                                     |                           | Industrial production  | Q1-2014 | 1.1                | 3.4              | Unemployment rate | Q1-2014 | 6.7               | 7.7                      |
|                                                                                     |                           | Consumer price index   | Q1-2014 | 0.8                | 1.4              | Interest rate     | Q4-2013 | 0.0               | 0.2                      |
|  | European Union            | Gross domestic product | Q1-2014 | 0.3                | 1.4              | Current balance   |         | ..                | ..                       |
|                                                                                     |                           | Industrial production  | Q1-2014 | 0.3                | 1.8              | Unemployment rate | Q1-2014 | 10.5              | 10.9                     |
|                                                                                     |                           | Consumer price index   | Q1-2014 | ..                 | 0.8              | Interest rate     |         | ..                | ..                       |
|  | Euro area                 | Gross domestic product | Q1-2014 | 0.2                | 0.9              | Current balance   | Q4-2012 | 51.7              | 17.2                     |
|                                                                                     |                           | Industrial production  | Q1-2014 | 0.2                | 1.4              | Unemployment rate | Q1-2014 | 11.8              | 12.0                     |
|                                                                                     |                           | Consumer price index   | Q1-2014 | ..                 | 0.6              | Interest rate     | Q1-2014 | 0.3               | 0.2                      |
| Non-members                                                                         |                           |                        |         |                    |                  |                   |         |                   |                          |
|  | <sup>1</sup> Brazil       | Gross domestic product | Q1-2014 | 0.2                | 1.9              | Current balance   | Q4-2013 | -18.8             | -18.0                    |
|                                                                                     |                           | Industrial production  | Q4-2013 | -0.5               | 0.2              | Unemployment rate |         | ..                | ..                       |
|                                                                                     |                           | Consumer price index   | Q1-2014 | 2.1                | 5.8              | Interest rate     |         | ..                | ..                       |
|  | <sup>1</sup> China        | Gross domestic product |         | ..                 | ..               | Current balance   | Q2-2013 | 54.2              | 58.1                     |
|                                                                                     |                           | Industrial production  |         | ..                 | ..               | Unemployment rate |         | ..                | ..                       |
|                                                                                     |                           | Consumer price index   | Q1-2014 | 1.3                | 2.3              | Interest rate     | Q1-2014 | 5.6               | 3.7                      |
|  | <sup>1</sup> India        | Gross domestic product | Q1-2014 | 2.1                | 5.9              | Current balance   |         | ..                | ..                       |
|                                                                                     |                           | Industrial production  | Q1-2014 | 1.0                | -0.7             | Unemployment rate |         | ..                | ..                       |
|                                                                                     |                           | Consumer price index   | Q1-2014 | -1.2               | 6.9              | Interest rate     |         | ..                | ..                       |
|  | <sup>1</sup> Indonesia    | Gross domestic product | Q1-2014 | 1.2                | 5.3              | Current balance   | Q4-2013 | -3.5              | -7.3                     |
|                                                                                     |                           | Industrial production  |         | ..                 | ..               | Unemployment rate |         | ..                | ..                       |
|                                                                                     |                           | Consumer price index   | Q1-2014 | 1.1                | 7.2              | Interest rate     | Q1-2014 | 8.1               | 5.8                      |
|  | Russian Federation        | Gross domestic product | Q4-2013 | 0.9                | 2.2              | Current balance   | Q2-2012 | 22.7              | 23.4                     |
|                                                                                     |                           | Industrial production  | Q1-2014 | -0.7               | 1.5              | Unemployment rate |         | ..                | ..                       |
|                                                                                     |                           | Consumer price index   | Q1-2014 | 1.9                | 6.4              | Interest rate     | Q1-2014 | 7.8               | 7.5                      |
|  | <sup>1</sup> South Africa | Gross domestic product | Q1-2014 | -0.2               | 1.8              | Current balance   |         | ..                | ..                       |
|                                                                                     |                           | Industrial production  |         | ..                 | ..               | Unemployment rate |         | ..                | ..                       |
|                                                                                     |                           | Consumer price index   | Q1-2014 | 2.1                | 5.9              | Interest rate     | Q1-2014 | 5.5               | 5.1                      |

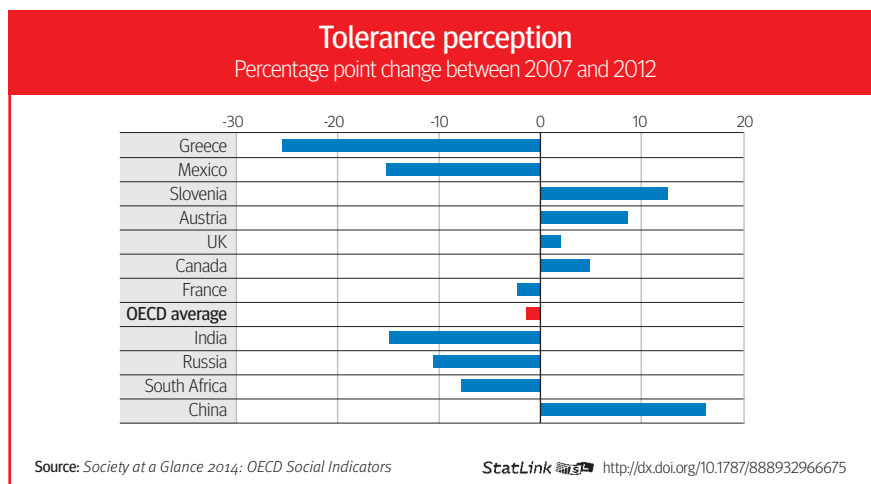
**Gross Domestic Product:** Volume series; seasonally adjusted. **Leading Indicators:** A composite indicator based on other indicators of economic activity, which signals cyclical movements in industrial production from six to nine months in advance. **Consumer Price Index:** Measures changes in average retail prices of a fixed basket of goods and services. **Current Balance:** Billion US\$; seasonally adjusted. **Unemployment Rate:** % of civilian labour force, standardised unemployment rate; national definitions for Iceland, Mexico and Turkey; seasonally adjusted apart from Turkey. **Interest Rate:** Three months.

..=not available, <sup>1</sup>Key Partners.  
The data for euro area now cover 18 countries.  
Source: *Main Economic Indicators*, June 2014.

# Tolerance in crisis?

Immigration became a heated subject of debate during the European Parliament elections in May 2014. Economists are now asking whether anti-immigrant sentiment can be attributed to fiscal, as well as social, factors.

Though OECD work suggests that immigrants are a net benefit to their host countries (See “The impact of immigrants: It’s not what you think”, OECD Observer No 295, Q2 2013), overall, OECD member countries became slightly less tolerant of immigrants during the 2007-12 recession, with sharp declines experienced in countries hardest hit by the downturn. Take Greece. Prior to the crisis, approximately 67% of Greeks believed that their local community was a good place to live for immigrants. By 2012, this figure dropped by a staggering 26 percentage points. In Mexico, a 68% positive perception of tolerance dropped by 15 percentage points. But in Slovenia and Austria tolerance levels bloomed, despite fiscal woes. Also notable, the UK



experienced a small 2 percentage point increase in tolerance, despite growing political tensions over the role of the EU in regulating migration flows.

Across emerging economies, variation among tolerance levels was more pronounced. Whereas India, Russia and South Africa all experienced marked

declines, China recorded the largest positive shift among all 41 OECD and non-member countries surveyed, with an increase of 16.5 percentage points in the number of Chinese citizens who believed that their community was a good place for immigrants to settle down.

See [www.oecd.org/migration](http://www.oecd.org/migration)

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