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### Hong Kong Trade Preparations

The late October meeting of the OECD Trade Committee offered a unique opportunity for Members to discuss trade issues in the run-up to a ministerial-level meeting of the World Trade Organization this December in Hong Kong. How to advance the ongoing global trade negotiations, known as the Doha Development Round of talks, was a central focus of the Committee's discussions.

Officials from both member countries and non-member observers had the opportunity to discuss this important issue among themselves and also with representatives of civil society organizations. All agreed that developing and developed countries alike can benefit from liberalization in trade in agricultural and manufactured goods and in services. The United States reiterated its strong support for ambitious results because, as President Bush stated in his September 14 address to the United Nations, a successful Doha Round "could lift hundreds of millions of people out of poverty over the next 15 years." ■



(AFP Photo)

From left to right: European Trade Commissioner Peter Mandelson, European Agriculture Commissioner Mariann Fischer Boel, US Agriculture Secretary Mike Johanns and US Trade Rep Robert Portman at the USOECD.

Dear Friends,

From the moment I arrived at the OECD in October 2003 as the United States Permanent Representative, I had many objectives in mind. Paramount was my desire to ensure that American interests were not only represented at this global organization, but that we indeed reaped the enormous benefits our membership could bring. No prouder am I than today, as I reflect on our work and the multitude of achievements we have forged in 2005. It has been an extremely rewarding year to serve as your Ambassador.

Of the many policy issues that we have addressed during 2005, our work on Counterfeiting and Piracy has advanced with measurable success. As a very serious and growing global problem, today reaching nearly 10% of world trade, the OECD Council agreed to update its landmark 1998 counterfeit study to determine the true extent and current impact of this important issue. Our intent is to ensure not only that stricter laws are enforced but that we focus greater attention on non-member countries where awareness of counterfeiting and piracy is often low yet the problem persists.

2005 also saw a great deal of our efforts focused on countries in the Middle East and North Africa (MENA). Known as the 'Initiative on Governance and Investment for Development', this important initiative was launched to enhance the investment climate, modernize governance structures, strengthen partnerships and promote sustainable economic growth. With foreign direct investment being crucial to economic development in this region, the MENA Investment Program will benefit from a Ministerial Meeting to be hosted by the Government of Jordan in January 2006, designed to address key reforms necessary to encourage domestic and foreign investment.

And while we look back on 2005 with much satisfaction, the coming year promises to bring its share of new challenges and opportunities that we eagerly await. When his term expires in May 2006, the current OECD Secretary-General, Donald Johnston, will step down from office, a position he has held since 1996. Six OECD countries have put forward excellent candidates for the post and include former Polish Prime Minister Marek Belka, Professor Allan Fels from Australia, former Mexican Finance Minister Angel Gurría, former Korean Foreign Minister Seung-Soo Han, former French Finance Minister Alain Madelin and Dr. Sawako Takeuchi from Japan. Such highly qualified individuals have made the selection process very difficult indeed, a tribute to the candidates themselves, their countries and to the stature the OECD holds in the world today. With the forthcoming announcement of the successful candidate soon to be made, I thank them all for their candidacies and look forward to working with the new successor when he or she takes office in May 2006.



US OECD AMBASSADOR CONNIE MORELLA

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## OECD OUTREACH TO CHINA

Ten years have passed since the OECD Council established a program of cooperation with China in October 1995. During this period, and especially over the past five years, the OECD has provided advice to reform-minded policy makers in China on moving towards a market economy and improving governance. Cooperation now extends over a wide range of issues.

In 2005, for example, in addition to completing policy reviews on China's economy, agriculture, and budget, the OECD is preparing reports on China's environment, on its national innovation system and on investment policy. These reports are not merely descriptive, but are policy-oriented, providing the best advice from OECD Secretariat experts in various areas on what steps need to be taken in China in order to achieve results. The Economic Survey of China, for example, mentions in particular the need for reforms of the banking system, for opening up of capital markets, for providing a more flexible exchange rate system, and for creating a national labor market.

In another area, China has become an observer at the OECD-affiliated Financial Action Task Force (FATF) in Paris, and attended FATF's most recent plenary session on October 12-14, in that capacity. China has pledged to implement FATF's recommendations on combating money laundering and terrorist financing. ■

## U.S. Mission Welcomes New Deputy Chief

No stranger to the U.S. Mission having worked here in the early '90s, Paul Reid joined the Mission in September 2005 as Deputy Chief of Mission. With a rich background in economics and monetary policy, and most recently serving as Senior Advisor to the Under Secretary for Economic, Business and Agricultural Affairs, Paul has had a diversity of Foreign Service postings over his near 25 year career including Slovenia, Turkey, Haiti and Paris. In addition to a stellar career, Paul is an avid sports fan and enjoys watching American football, runs in his spare time, is a former body surfer and also enjoys listening to music, especially jazz.

Managing the Mission's team will be top of Paul's agenda at the U.S. Mission, as well as ensuring the new OECD Secretary-General is responsive to making the organization proactive and manages its outreach programs well. Also high on his priorities is to ensure that the OECD is used as a tool to "extend prosperity and stability throughout the world" using existing mechanisms such as Middle East and North Africa (MENA) initiatives, the Development Assistance Committee (DAC) and the New Partnership for Africa's Development (NEPAD). With his wealth of experience, the U.S. Mission is honored to welcome Paul to this senior post in Paris. ■



New Deputy Chief of Mission, Paul Reid, at work in Paris.

## EDUCATION REMAINS TOP PRIORITY FOR OECD

"Society's most important investment is in the education of its people," explains Donald Johnston, OECD Secretary-General. The OECD contributes valuable work on education and carries out its efforts through five different entities including the Education Committee, the Center for Educational Research and Innovation Governing Board, the Program for International Student Assessment (PISA) Governing Board, the Program on Educational Building Governing Board and the Program on Institutional Management in Higher Education Governing Board. In a keynote address to the OECD Global Science Forum in Amsterdam on November 14, Ambassador Morella stressed the critical importance of developing effective strategies that address the worrisome decline in student enrolments in science and technology.

The Directorate for Education, determined to have a firm idea of what Member's specific priorities are, convened the OECD Meeting for Education Chief Executives in Copenhagen, Denmark on September 21-22. Acting Assistant Secretary for Policy, Beto Gonzalez of the Department of Education, represented the U.S. government. The major topics of the meeting included globalization (international standards in tertiary education), education of immigrants (language learning), lifelong learning (adult education) and drop out prevention strategies.

In preparation for the meeting, OECD Director for Education Barry McGaw, requested a list of key education priorities for the U.S. in the next few years. During a recent visit to the OECD, U.S. Education Secretary Margaret Spellings reiterated the Department of Education's response by highlighting the importance of maintaining progress under the revolutionary 'No Child Left Behind' program, reforming high schools to better prepare students for the workforce and/or college, and improving post-secondary education to increase access, standards and completion rates. USOECD and the Department of Education hope to continue to work closely with the OECD on promoting the importance of education worldwide. ■

## AMBASSADOR'S MESSAGE => Continued from page 1

I thank the nearly 1,000 delegates who traveled to the OECD this year to advance U.S. interests and to the broad array of visiting groups we were honored to host.

I would also like to personally thank the dedicated men and woman who work at the U.S. Mission to the OECD and whose efforts have ensured an immeasurable level of success in our efforts to advance U.S. goals internationally.

And finally, as we journey along the road towards a shared commitment for democratic governments and market economies, I am reminded of a quote by a great American poet, Oliver Wendell Holmes, who said, "I find the great thing in this world is not so much where we stand, as in what direction we are moving." I look forward to continuing to help move the OECD in the right direction and making this coming year more successful than ever.

It is with pleasure that we bring you the final edition of the U.S. Mission newsletter for 2005. I hope you find our quarterly newsletters both informative and useful. I welcome any comments you may have about its contents and invite you to visit our website at [www.usoecd.org](http://www.usoecd.org). Best wishes for continued success in the coming year. ■

*Janie Morella*

## AID FOR TRADE CRITICAL TO SUCCESSFUL WTO NEGOTIATIONS

Under the current international trade negotiations taking place among members of the World Trade Organization (WTO), known as the Doha Development Round, the elimination of barriers to trade in goods and services stands to lift 300 to 500 million of the world's poor out of poverty in the next 15 years. To realize the full benefits of international trade, governments, institutions and enterprises in developing countries need help strengthening their capacities to trade. In many cases, they lack the information, policies, procedures, institutions and/or infrastructure to integrate and compete effectively in global markets. Technical assistance and other aid can help strengthen capacities to trade.

Aid for Trade is increasingly seen as a critical element to successfully complete the Doha Development Agenda. During the last couple of years, the volume of trade-related technical assistance and capacity building has increased significantly. In 2004 the United States and other members of the OECD's Development Assistance Committee (DAC) invested over \$2 billion in trade capacity building. The U.S. alone provided \$927 million, nearly half of the total. Nevertheless, more is needed, as was reiterated in the July 2005 Framework Agreement among WTO members.

At the WTO's invitation, OECD/DAC has been tracking the assistance going toward increasing trade capacity and is now looking at how to make aid for trade more effective. On October 27, the DAC held a Special Meeting on Aid for Trade. The discussions concentrated mainly on how to improve an expanded Integrated Framework for Trade Related Assistance (IF). This program for low-income developing countries brings together the key multilateral agencies working on trade development issues (the IMF, ITC, UNCTAD, UNDP, WTO and the World Bank), seventeen bilateral donors (including the United States) and governments of least-developed countries. The basic purpose of the IF is to integrate trade policy-related measures into a country's overall development strategy (the Poverty Reduction Strategy or equivalent) to provide an operational framework through which donors can deliver support. A detailed Aid for Trade proposal was approved at the recent IMF and World Bank 2005 annual meetings. The DAC Special Meeting also discussed how Aid for Trade can adhere to aid effectiveness principles.

Through this meeting, the OECD aims to contribute to a favorable environment for a successful outcome of the upcoming Hong Kong WTO Ministerial meeting. ■

## Students Visit OECD



Ambassador Morella with State Dept Interns, Rotary World Peace Fellows and Mission staff during a visit to the OECD and US Mission

## U.S. Environmental Review To Be Published

The United States and OECD member nations are looking forward to the upcoming publication of the OECD's 'Environmental Performance Review of the United States'. This nearly 300-page book will present an in-depth assessment of the United States' progress in successfully meeting a multitude of environmental challenges over the past decade.

Covering the period 1996-2005, readers will discover that the U.S. significantly improved its environmental performance and reduced its environmental pollution during a period when there was almost a 10% increase in the size of the U.S. population and a 30% increase in the nation's gross domestic product.

This U.S. review was based on a series of over 700 interviews conducted by OECD's review team during a two-week visit to the United States in the summer of 2004. The peer review team included members from Australia, Japan, Norway, and the United Kingdom, together with OECD Secretariat staff. The findings of this team were presented to the full membership of OECD in May 2005 during a peer-review session. ■



U.S. Delegation during Peer Review Session of the U.S. Environmental Review in Paris

(Photo Roger Gorke)

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## Washington DC OECD Center

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## Prime Minister of Thailand Visits OECD



(OECD Photo)

From left to right:  
OECD CCNM Director Eric Burgeat,  
IEA Executive Director Bill Ramsay,  
Thailand Prime Minister Dr. Thaksin  
Shinawatra, Ambassador Morella and  
OECD Deputy Secretary-General  
Richard Hecklinger

## Did You know?

Eight months ago the OECD launched country web pages, giving each of the 30 Member states its own country portal on the OECD website. Americans are by far the largest group of visitors to date, representing some 50% of traffic or nearly 700,000 unique visitors. Visit the U.S. country portal at [www.oecd.org/us](http://www.oecd.org/us).

## IEA TAKES HISTORICAL ACTION IN RESPONSE TO HURRICANE KATRINA

Following the devastation of Hurricane Katrina, the OECD's International Energy Agency (IEA) activated its emergency response plan, releasing 60 million barrels of oil into the market over a 30 day period. The oil and products came from the 26 member countries that are each required to keep a reserve of oil equivalent to the amount a country imports for 90 days. This stockpile acts as an insurance policy when there is a supply disruption. Founded in 1974 following the oil crisis of 1973-74, emergency preparedness is one of the key missions of the IEA. This was only the second time in the history of the IEA, that the emergency plan was activated.

In a letter to the IEA Executive Director Claude Mandil, Secretary of State Condoleezza Rice commended their efforts, noting, "The quick announcement of IEA member countries' unanimous agreement to make available to the market two million barrels of crude and refined oil products per day had a decidedly positive effect in mitigating the disruption of world oil markets. The IEA's action was a remarkable display of international solidarity in the face of one of the largest natural disasters in America's history...The IEA's response serves as an example of the effectiveness and value of coordinated, collective action in preparing and responding to disruptions of the world's energy supply."

The oil market remains very tight and the IEA continues to make market assessment updates and appraise the impact of the IEA collective action. If necessary, the IEA is prepared to take additional coordinated action to address possible future shortages in products and crude oil. Energy conservation programs and energy efficiency policies are also essential to IEA member countries' responses to short-term oil supply disruptions and to strengthening international energy security. ■

## What's New @ OECD?

- Education at a Glance – U.S. Briefing Note: September 2005
- Economic Survey of China 2005: September 2005
- Annual 'Employment Outlook': October 26, 2005
- Economic Survey of the U.S.: October 27, 2005
- OECD Economic Outlook: November 20, 2005

## Key Quarterly Meetings and Events

- OECD Global Science Forum: November 14-15, Amsterdam
- OECD Washington Center Breakfast Series, 'Governance in China': November 15, Washington
- World Summit on the Information Society: November 16-18, Tunisia
- International Conference on Higher Education: November 30-December 2, Barcelona
- OECD Washington Center Breakfast Series, 'OECD Economic Survey: Korea': November 30, Washington
- DAC Senior Level Meeting: December 6-7, Paris
- WTO Ministerial Conference: December 13-18, Hong Kong
- Ministerial Meeting, MENA Investment Program, January 2006, Jordan
- World Economic Forum: January 25-29, Davos, Switzerland