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OECD/IEA Ministerial Meetings

The OECD held its annual Ministerial Council Meeting (MCM) in May with its sister organization, the International Energy Agency (IEA). Secretary of Energy Sam Bodman and USTR Rob Portman led the US delegation. In addition to OECD member countries, several non-member countries sent ministers, including Argentina, Brazil, Chile, China, Egypt, Hong Kong - China, India, Indonesia, Kenya, the Russian Federation, Rwanda, South Africa, and Zambia.

While attending the Ministerial, USTR Portman worked alongside his partners "to promote economic growth and prosperity through reducing trade barriers" and to advance discussion in the Doha Round of the World Trade Organization (WTO). Secretary Bodman emphasized that: "We must work with our international partners to encourage all nations, particularly those with developing and transitional economies, to create positive investment climates and utilize the latest technologies and alternative energy sources to meet their energy needs in the most efficient and environmentally sensitive ways."

The Ministers' policy discussion was complemented by the OECD Forum, the organization's premiere public face. Among the dozens of speakers, three US experts were featured: Jagdish Bhagwati (Columbia University Professor), David Aaron (former US Ambassador to the OECD) and Clyde Prestowitz (President of the Economic Strategy Institute). ■



(OECD Photo)

"Energy security is a challenge not only for the United States, but for all nations as demand continues to grow around the world." Left to right: US Secretary of Energy Sam Bodman with Ambassador Morella, and Australian counterparts, Veronique Ingram, Australian Ambassador to OECD and Ian MacFarlane, Minister of Industry, Tourism and Resources.

Dear Friends,

Welcome to our US Mission Newsletter.

Recently I addressed two groups, one sponsored by George Washington University and the other by West Virginia University, on the topic of "The Marshall Plan: The Gift That Keeps On Giving." General George Marshall's Plan for a "family of nations," which led to the reconstruction of Europe also led to the establishment of the Organization for Economic Cooperation and Development (OECD). Our members now include nations not only from Europe but from North America, and the Asia Pacific Rim, as well.

In working to bring policies and best practices for economic development to the 30 member nations, which are the world's most industrialized, as well as to 70 non-member countries, our portfolio is extensive. Our issues range from trade, corporate governance, energy, environment, and education to socio-economics, biosecurity, anti-corruption, and counter-terrorism financing. Adapting to emerging needs, among our newer priorities are anti-counterfeiting and biometrics for travel security.

Dr. David Gordon, Vice Chair of the National Intelligence Council (NIC), recently presented to the OECD Ambassadors the 2020 Project Report "Mapping the Global Future," which analyzes key factors influencing global affairs over the next 15 years. Dramatically emerging is the growing power of rising players such as China and India. OECD is "on target" by initiating and prioritizing comprehensive programs of outreach to such countries as China, India, Russia, Brazil, and South Africa (the BRICS).

I am proud of our US Paris Team from the Departments of State, Energy, Health and Human Services, Commerce, Agency for International Development, Environmental Protection Agency, and Treasury who work together to promote and advance US policies and principles. We are honored to serve our country. The spirit of the Marshall Plan motivates us in our work. We value the commitment of the more than 1,000 Cabinet and Agency delegates from Washington whom we host each year. We invite you to share your views with us and to visit our Web site at www.usoecd.org as well as the OECD Web site at www.oecd.org.



US OECD AMBASSADOR CONNIE MORELLA

Connie Morella

Fighting Terrorist Financing

Under President Bush's leadership, the Departments of Treasury and State, and other Washington agencies have, through the Financial Action Task Force (FATF), forged an international coalition to combat terrorist financing. The Task Force has worked to build greater global capacity, to improve countries' regulatory systems, and to develop international systems to share information about criminal and terrorist networks. As a result, we have been able to freeze and seize terrorist-related assets, arrest and isolate key financial intermediaries and donors, and improve safeguards throughout the international financial system.

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COUNTERFEITING AND PIRACY

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FATF is the preeminent international organization charged with setting the comprehensive, international anti-money laundering and counter-terrorist financing standards against which jurisdictions are measured. In response to mounting concern over money laundering, FATF was established in 1989 by a G-7 Summit in Paris. Recently in Singapore, FATF held a joint plenary session with the Asia-Pacific Group on Money Laundering to hear about regional efforts to combat money laundering and terrorist financing.

In addition, the Task Force has continued its efforts to bring Non-Cooperative Countries and Territories into compliance with international standards and to highlight critical weaknesses in the world's anti-money laundering system which could be vulnerable to exploitation by criminals and terrorists. Earlier this year, FATF removed the Cook Islands, Indonesia and the Philippines from the list of Non-Cooperative Countries and Territories because of progress made in combating money laundering and terrorist financing. This progress would not have been possible without the attention and pressure that the FATF brings to bear.

Peter Barlerin



(OECD Photo)

Anthony Wayne, Assistant Secretary of State for Economic and Business Affairs (left) discusses institutional reform with Peter Bruckner, Denmark's Ambassador to the OECD.



(OECD Photo)

Peter Mandelson, European Trade Commissioner (left) and Robert Portman, US Trade Representative during the recent meeting at the MCM.

We have all heard the horror stories: counterfeit baby milk powder causing malnutrition and deaths of babies in China; counterfeit brake parts made of sawdust failing and causing a school bus to overturn and killing and injuring the children inside; counterfeit airplane parts causing a deadly crash in the North Sea; counterfeit cell phone batteries that overheat and explode; and counterfeit pharmaceuticals that are either totally ineffective or are made from industrial solvents or waste products causing injury or death. Counterfeiting is a serious and growing problem that involves more than just fake designer handbags.

On April 28, the OECD Council agreed to update the Organization's landmark 1998 study on counterfeiting and piracy. Ambassador Morella said "the OECD is embarking on a study that will address the needs of business, consumers, governments, innovators, and artists all at the same time."

The previous study was the source of a widely-quoted statistic that estimated trade in counterfeit goods at more than five per cent of world trade. Most experts believe that number has probably grown to somewhere closer to 10 per cent. One clear goal of the study will be to determine the true extent of the problem.

The OECD will also look into developments and trends, a series of sectoral studies – in the pharmaceuticals, food and drink, consumer products, spare parts, computer software, music recordings and motion picture areas, for example – and "best practices" used by governments to combat the illegal use of intellectual property.

In addition to the study itself, a series of four to six workshops are envisioned around the globe. The plan is to hold these outreach events in Brazil, Russia, India, and China to raise awareness of the problem and to refine and improve the results of the study so that they are of maximum benefit to the greatest number of users, OECD and non-OECD governments alike.

Steve Morrison

OECD CONTRIBUTES TO ADVANCING MILLENNIUM DECLARATION

As part of this year's Ministerial Meeting, member country delegates prepared recommendations for OECD Secretary General Donald Johnston to send to UN Secretary General Kofi Annan in the run up to the UN high-level meeting planned for mid-September to review development progress.

OECD Ministers welcomed the recommendations as a good summary of the valuable work being done across the organization to contribute to development. The Statement highlights the Organization's work on initiatives related to private investment and development; support for Doha Round trade negotiations; anti-corruption; bribery and export credits; money laundering and terrorist financing. In addition, security sector reform; fragile states and conflict prevention; as well as aid effectiveness, were addressed.

Through the OECD Statement, member countries reiterated their commitment to increase efforts to implement the Millennium Declaration and Monterrey Convention to reduce poverty, ignorance, and disease and to strengthen partnership with developing countries, to address the needs of Africa; to make progress on Doha; and to support good governance.

George Carner

THE FUTURE OF NUCLEAR ENERGY

The United States, Canada, France, Switzerland, Japan and the United Kingdom signed the first multilateral agreement in history aimed at the development of next generation nuclear energy systems. The Generation IV International Forum (GIF) has brought the leading nuclear technology nations together in an historic alliance to usher forth a new generation of nuclear energy to meet the world's energy needs while improving the environment.

The GIF partners, supported by the Nuclear Energy Agency (NEA), have identified six next generation technologies for development including the very high temperature reactor which forms the basis of the US research program to develop an ultra-safe economic nuclear system that will be designed to produce electricity and hydrogen with substantially less waste and without emitting air pollutants or greenhouse gases.

Beth Lisann

PROMOTING ECONOMIC GROWTH: THE MIDDLE EAST AND NORTH AFRICA

The Middle East North Africa (MENA) Initiative on Governance and Investment for Development aims to assist countries in the Middle East fight corruption, modernize their government structures and processes, and improve their investment policies in order to promote economic development, investment, job creation and human and social development.

There are three phases in this three-year initiative. The first phase (Stocktaking) would identify and analyze barriers to reform. The second phase (National Action Plans) would develop national strategies with time-bound targets to promote governance and investment policy reform.

The third phase (Implementation and Capacity Building) would establish practical roadmaps to implement the national action plans. A monitoring process would establish a set of indicators to ensure that time-bound targets are being met.

Six key features define this initiative. First, it is a regional effort that complements existing bilateral programs and reinforces their effectiveness. Second, it has clear regional ownership and high-level political commitment from MENA countries. Third, it leverages existing reform efforts in the region.

Fourth, it is an action-oriented policy dialogue with policy practitioners from OECD member nations. Fifth, the OECD will partner with, and leverage the resources of the UNDP and the World Bank Group. Lastly, thematic working groups co-chaired by MENA and OECD nations, would address priority reform areas.

Kamal I. Latham

SPOTLIGHT ON CHINA

In 2005, OECD conducted formal reviews of China's macroeconomic, agricultural and budget policies. An Environment Policy Review is scheduled for 2006. These forums are a unique opportunity for China and OECD nations to come together and discuss common challenges involved in designing and implementing progressive reforms.

In the financial affairs arena, a current project underway is examining China's cross-border merger and acquisition policies with an eye towards developing a more comprehensive and cohesive policy framework. Education, biotechnology, competition and corporate governance are examples of other areas where there is a vibrant outreach agenda.

OECD's deepening relationship with China was highlighted by Foreign Commerce Minister Bo Xilai's active participation in the 2005 Ministerial Council Meeting (MCM).

Kamal I. Latham

RUSSIAN REGULATORY REFORM

The OECD Special Group on Regulatory Policy hosted the Russian Regulatory Reform Peer Review in March 2005. Deputy Economic Development and Trade Minister Andrei Sharonov led the Russian delegation.

Ambassador Morella welcomed Deputy Minister Sharonov and said the review provided an opportunity for Russia and OECD nations to come together and discuss common challenges involved in implementing progressive regulatory reforms.

The review emphasized the extent to which regulatory reform in Russia was complementary to the government's overall economic policy objectives. Regulatory governance, railway sector reform, electricity sector reform and investment policy reform were among the many themes addressed.

Alexander Hunt from the US Office of Management and Budget discussed the US approach to regulatory policy, including the importance of transparency, and Russell Pittman from the US Department of Justice was a lead reviewer during the session on railway and electricity sector reform.

The US encouraged Russia to reform its investment policies to attract needed foreign direct investment to reform key sectors, such as railway and electricity, and the Russian delegation agreed to pursue recommendations from OECD's 2004 Investment Policy Review of Russia.

Kamal I. Latham

Did You Know?

The OECD's Anti-Bribery Convention, ratified and implemented by all 30 OECD member countries and six non-OECD governments, aims to level the competitive playing field for all companies by making it a crime to bribe foreign officials to win a contract. It ensures effective enforcement through systematic monitoring. Check out country examinations at www.oecd.org/bribery.



(Photo Elise Battaglia)

Ambassador Morella welcomes Russian Deputy Economic Development and Trade Minister Andrei Sharonov (left) with Kamal Latham, USOECD Investment Advisor, during the Russian Regulatory Review.



(OECD Photo)

David Mosby, Secretary of US Delegation, speaks to students from the University of Texas, as part of the OECD's Visitors Program.



(OECD Photo)

USAID Administrator Andrew Natsios (right) confers with USOECD Development Assistance Representative George Carner during the High-Level Forum on Aid Effectiveness. The Forum resulted in the Paris Declaration which contains some 50 mutual commitments and 12 indicators to improve aid delivery and performance.

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OECD Structure

The 1,850 staff of the OECD Secretariat includes some 700 economists, lawyers, scientists and other professionals who conduct research and analysis on economic and social policy. There are more than a dozen directorates, including Economics; Statistics; Environment; Trade; Financial, Fiscal and Enterprise Affairs; and Education, Employment, Labour and Social Affairs.

The Secretariat is directed by a Secretary General and assisted by four Deputy Secretaries General. The Secretary General chairs Council meetings. The work of the Secretariat parallels the work of the committees, which are made up of the representatives from member countries. Together the Secretariat and the country delegates develop policy guidelines and best practices for member country governments.

NATURAL GAS: ENERGY'S NEXT WAVE

Why has demand for gas been growing so steadily? A few reasons: gas is a convenient source of electricity; gas-fired power plants are easy to build and are widely viewed as environmentally friendly; gas plants emit far less greenhouse gases than coal plants, mitigating the power sector's contribution to acid rain and global warming; and gas is easier now to trade over the oceans in liquefied form.

On May 19-20, the International Energy Agency (IEA) and Gas LNG Europe convened a workshop on making natural gas markets global. The workshop gathered government and private sector experts from OECD countries, as well as from swing-producer Qatar and potential mega-consumers China and India, to talk about the world's rocketing demand for liquefied natural gas.

The experts recognized that natural gas is the fast-rising star in the world's energy system, with demand projected to grow faster than for any other energy source from now to 2030, according to the IEA 2004 World Energy Outlook (WEO). Liquefied natural gas (LNG), used more and more often to generate power in North America, Europe and Japan, is projected to increase from 1.5% of the world's total primary energy demand to 4% by 2030. By 2010, natural gas is likely to overtake coal as the second primary energy in world demand after oil.

Sixty per cent of the world's known gas reserves rest in three countries: Russia, Iran and Qatar. Thus many of the problems that keep investments from reaching known reserves of oil impose the same impediments to the USD 2.7 trillion of investment required in the gas sector. These include ownership by national companies, unclear investment rules, restrictions on repatriation of capital, and inconsistent enforcement of contracts.

A recurrent message from all participants was that proper investment and regulatory environments are essential if the huge required investment is to be forthcoming.

Melissa P. Horwitz

Top Publications at the OECD

Current OECD Bestselling Publications:

1. OECD Factbook 2005
2. Transfer Pricing Guidelines, Travel Edition
3. OECD Science, Technology, and Industry Outlook 2004
4. OECD Economic Outlook, Preliminary Edition, May 2005
5. Learning for Tomorrow's World: First Results from PISA 2003

Key New OECD Publications:

1. OECD Health Data 2005
2. Space 2030: Tackling Society's Challenges
3. Pensions at a Glance, 2005 Edition
4. Learning a Living: First Results of the Adult Literacy and Life Skills Survey
5. African Economic Outlook 2004/2005

Listings of the current bestsellers and key new publications can be found on the OECD Online Bookshop at: www.oecdbookshop.org. ■

OECD Site Project



The OECD's headquarters is undergoing renovation. The USD 350 million project is expected to be completed on time and within budget.

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