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OECD streamlining decision-making and improving governance

The OECD governing body, the Council, has traditionally made all its decisions by consensus. While this form of decision-making is essential to the development of the best policy practices and principles, known as «soft law,» for which the Organization is renowned, it can be time consuming. The United States has been working with the other OECD members to update the Council's decision-making, making it more responsive to the needs of members and the rapidly evolving challenges of the 21st century. These reforms will ensure that the OECD remains as dynamic in this century as it was in the last, allowing the OECD to grow, as well as to engage more actively with major emerging economic players, including China, Russia, Brazil, India, South Africa, Chile, and Israel. ■



(Photo USOECD)

State Department Office Director Peter Chase, responsible for OECD and EU affairs, attends OECD governance reform meetings.

Dear Friends,

This June, the Organization for Economic Cooperation and Development will usher in a new Secretary General, former Mexican Minister of Finance Angel Gurría. A year later, we will mark the 60th anniversary of the inauguration of the Marshall Plan by Secretary George C. Marshall – the OECD is the fruit of that grand experiment. Do we get everything we want out of the OECD? Let me count the ways.

First, it is no secret that countries around the world look up to the United States as a model of economic vitality and dynamism. Our particular mix of lower taxes, an attractive investment climate, flexible markets and a regulatory system that does not turn a blind eye to compliance costs is the result of a host of enlightened changes we've undertaken since the latter decades of the 20th century. As the recently released second edition of the OECD's "Going for Growth" demonstrates, our G7 partners would act more like locomotives, and less like cabooses, if they followed the U.S. model of an open, flexible economy.

Second, the U.S. government plays a leading role at the OECD in hammering out international rules of the game, notably on taxes. Without clear, transparent rules, businesses often find themselves whipsawed by uncertainty, intractable disputes and double taxation. The OECD has proven to be an indispensable forum to reach for the best possible standards, rather than the lowest common denominator. The OECD has also been instrumental in following the U.S. lead by encouraging legitimate financial centers to enter into tax information exchange agreements (TIEAs) with OECD countries. TIEAs are good news for legitimate investors. They are bad news for tax evaders.

Third, the OECD's updated Principles of Corporate Governance establish such basics as the rights and equitable treatment of shareholders, disclosure, transparency and the responsibilities of boards. The OECD has helped us to "export" these ideas to other parts of the world. Likewise, the OECD's Anti-Bribery Convention, which was modeled after the U.S. Foreign Corrupt Practices Act, makes bribery of a foreign official a crime instead of a tax write-off, as it had been in some OECD countries.

Through the vehicle of the OECD, the United States has been able to export a lot of other good ideas, not just to our 29 fellow members but to other parts of the world as well. The fledgling Middle East North Africa Initiatives in Public Governance and Investment, for example, seek to create a better, safer world for hundreds of millions of people in a region that has not yet seen the full benefits of globalization. Whether we will be able to export good ideas about public governance and investment, therefore, is critical to bringing freedom and prosperity to this troubled region.

According to U.S. Treasury estimates, the OECD agreement on export credits saves U.S. taxpayers some \$800 million per year. It's as if the \$60 million that the United States contributes to the OECD earned us a 1,300 per cent return on our money for this one project alone. Is the United States getting what it wants out of the Organization? You bet!

Visit our website at www.usoecd.org for more information about our work.



US OECD AMBASSADOR CONNIE MORELLA

Connie Morella



Updates on Education and Investment

Education: In June, Secretary of Education Margaret Spellings will participate in an OECD Ministerial in Athens, Greece, set to focus on higher education. Secretary Spellings will speak at the Ministerial about the U.S.'s past experience in this field, drawing heavily from our unique system of higher education that attracts foreign students worldwide. 2006 is the year for the renewal of the mandates for the OECD Education Directorate. In this regard, the U.S. Mission is focused on reforming the governance of the Education Directorate so that communication with OECD Council will be smoother and to improve the management of education issues at the OECD.

Investment: In February, Robert Mosbacher, Jr., Chairman of the Overseas Private Investment Corporation, led the U.S. delegation to the OECD Middle East North Africa (MENA) Ministerial at the Dead Sea in Jordan and was accompanied by USOECD's investment advisor, April Cohen. Chairman Mosbacher emphasized improving the investment climate in the MENA region by addressing the need for transparency and accountability. The Ministerial also discussed the need for economic growth, improving educational reform and increasing women's participation in the economy. The OECD is also implementing a number of dynamic, influential projects in other regions as well. ■



(Photo USOECD)

MENA Ministerial Panel at the Dead Sea, Jordan.

OECD ENERGY AGENCY PLAYS MAJOR ROLE AT G8 SUMMIT

The decision to place energy security at the top of the agenda for the 2006 G-8 Summit in St. Petersburg July 15-17 sets the stage for the continued close and cooperative relationship between the Group of Eight leading industrialized nations and the OECD's International Energy Agency (IEA).

At the meeting of G8 Energy Ministers in Moscow on March 15 with IEA Executive Director Claude Mandil in attendance, Viktor Khristenko, Russia's Minister of Industry and Energy, said, "We expect the St. Petersburg summit to become a milestone in the process of building a global system of energy security. This meeting should produce a respected and objective document looking into the future which would win the necessary international recognition and support, including in non-G8 countries."

At their Gleneagles Summit in July 2005, G8 leaders addressed the challenges of climate change and securing clean energy and sustainable development. Agreeing to act with resolve and urgency, they adopted a Plan of Action, open to other significant energy consumers. The G8 leaders asked the IEA to be a partner and to play a major role in delivering the Plan of Action that focuses on six broad areas:

- Alternative energy scenarios and strategies
- Energy efficiency in buildings, appliances, transport and industry
- Cleaner fossil fuels
- Carbon capture and storage
- Renewable energy
- Enhanced international cooperation

The IEA will provide an update on the Gleneagles Plan of Action in St. Petersburg in July. ■

AGRICULTURE SPOTLIGHT ON AFRICA

The OECD's Directorate for Agriculture, Food, and Fisheries plans to organize a Global Forum in Paris on May 16-17 to focus on Sub-Saharan Africa. It will look at that region's opportunities for and constraints to agricultural development. Participants will discuss how to make policies more effective, efficient and equitable.

The Global Forum's first session will aim to identify Sub-Saharan agriculture's current situation and key trends. What are productivity levels, for example, and what is the level and distribution of rural incomes? The second session will assess the constraints limiting Sub-Saharan agricultural development, including trade policies and infrastructure bottlenecks. The third session will focus on finding solutions, drawing on the experiences of international organizations working in partnership with African countries. The final session will look at implementation, including how the process of policy development and implementation should be managed.

Global Forums are one of the OECD's principal mechanisms for government officials, experts from international and non-governmental organizations, and various private sector stakeholders to share policy experiences and exchange ideas. Participants at the May meeting will include government, NGO, academic and private sector representatives for OECD and West and Central African countries. ■

OECD HOSTS ENVIRONMENT AND AID DIALOGUE

The OECD convened two Ministerial meetings in early April on development cooperation and aid effectiveness. At a joint meeting on April 4th, Environment and Development Ministers and Donor Agency heads discussed how to strengthen cooperation in advancing internationally agreed environmental and development goals. The discussion centered on the need for: a) better understanding of the links between poverty reduction, environment, and the Millennium Development Goals; b) integrating more closely the work of the various institutions engaged in these issues; c) cooperating on implementing international environmental agreements; and d) agreeing on a common framework of joint action around shared goals.

The USOECD was actively involved in preparations and in facilitating a successful outcome while assuring that U.S. objectives were achieved. USAID Deputy Administrator Frederick Schieck led the U.S. delegation and was accompanied by Assistant Secretary of State for the Environment Claudia McMurray and EPA Assistant Administrator Judith Ayers.

The annual High Level Meeting of the OECD's Development Assistance Committee (DAC) on April 5 provided a unique forum for Development Ministers and the Heads of donor agencies to exchange views and give the DAC policy guidance. The meeting took up key issues on the international agenda, notably: a) scaling up of aid and greater aid effectiveness based on developing country performance; b) the political imperatives and risks of engaging effectively with Fragile States; c) promoting growth, private sector, agriculture and infrastructure as part of effective strategies to reduce poverty; d) endorsing the Principles of Good Humanitarian Donorship and supporting the DAC's continued inclusion of humanitarian assistance in its peer reviews; and e) reviewing progress on implementing the DAC's recommendation on untying of aid to Low Income Countries. Frederick Schieck, USAID Deputy Administrator, CEO of the Millennium Challenge Corporation Ambassador John Danilovich, and USOECD DAC delegate George Carner represented the United States. ■

MINISTERS TO DISCUSS TRADE AT MCM

This year's Ministerial Council Meeting (MCM) will once again include a session devoted to trade on May 24th. The Office of the U.S. Trade Representative will lead the U.S. delegation and is expected to include officials from the Departments of Agriculture, Commerce, and State.

Ministers' discussions will likely focus on issues central to the on-going negotiations in the World Trade Organization (WTO) toward a new global trade liberalization agreement. Because the current round of negotiations was launched at a meeting held in Doha, the capital of Qatar, it is known as the Doha Round. The goal is to wrap up the negotiations by the end of 2006. There are challenges to be overcome to meet that goal, and the MCM's trade session provides an important and timely opportunity for high-level dialogue on how to resolve outstanding issues.

A successful and ambitious conclusion to the Doha Round is a high priority for the United States. The U.S. objective is an agreement that liberalizes trade in agriculture, manufactured goods and services, and promotes economic growth and development. ■

Ambassador Morella and USAID Deputy Administrator Brief the Press



(Photo USOECD)

From left to right: George Carner, USOECD DAC Delegate, Frederick Schieck, Deputy Administrator USAID and Ambassador Morella talk to the press in Paris, April 3rd

Congressional Delegation Participates in NATO Parliamentary Assembly Meeting at OECD



(Photo USOECD)

From left to right: Rep. Randy Forbes, Rep. John Boozman, Rep. Tom Udall, Ambassador Morella, Rep. John Tanner, Rep. Mike Ross.

Ambassador Addresses AmCham on Corporate Governance



(Photo Helen Tange)

Rey Riemer, Chair of the International Economic Issues Task Force, American Chamber of Commerce of Paris, introduces Ambassador Morella before her address to the Chamber

U.S. MISSION TO THE OECD

12, avenue Raphaël
75116 Paris, France
Tel.: 33 01 45 24 74 77
Fax : 33 01 45 24 74 80

www.usoecd.org
www.oecd.org/us

U.S. Mission Staff Contacts:

Constance A. Morella, Ambassador
Paul Reid, Deputy Chief of Mission
Myra Dunn, Assistant to the Ambassador
Harriet Page, Assistant to the DCM
Morton Holbrook, Counselor for Economics, Environment, Science and Technology
George Carner, Minister-Counselor for Development Affairs (USAID)
Peter Barlerin, MINEF Chief and Advisor for Economic Policy
April Cohen, Advisor for Investment and Education Affairs
John Hoff, Counselor for Health and Social Policy
Elizabeth G. Lisann, Science Advisor for Energy Affairs (Department of Energy)
Keith Mason, Science Advisor for Environmental Affairs
Jim McCracken, Advisor for Energy Affairs
Steve Morrison, Advisor for Commercial Affairs (Department of Commerce)
David Mosby, Secretary of the Delegation/ Public Affairs
Helen Recinos, Advisor for Trade Policy and Agriculture
Jane Delbene, Public Affairs Assistant & Newsletter Editor

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U.S. Delegation During Internet Workshop



(Photo USOECD)

From left to right:

Dr. Lawrence Landweber (NSF), Susan McDonald (FTC), Mike Nelson (IBM), Ambassador Morella, Dr. Peter Freeman (NSF), Steve Olson (DOS), Christina Speck (DOC), Michael Shapiro (PT).

Did You know?

Estimates are that there are about one billion Internet users worldwide. At the end of 2004, the OECD represented 18% of the world's population but 74% of the world's broadband subscribers. In music, 420 million single tracks sold on-line in 2005, which was up from 156 million in 2004. This now represents 6% of global record company revenues. In games, revenues in 2001 surpassed film box office ticket sales and computer games are close to the recorded music industry in global revenues.

FUTURE OF THE INTERNET... APPROACHING A CROSSROADS

On March 8, 2006 the OECD held a workshop entitled "The Future of the Internet". The workshop brought together roughly 30 experts from around the globe and from a variety of different disciplines to discuss visions of the future of the Internet, technical challenges to the system itself, policy frameworks for increased use and investment in the Internet, multi-stakeholder co-operation efforts like ICANN (the Internet Corporation for Assigned Names and Numbers) and Internet policy and research networks.

One of the key outcomes of the meeting was the conclusion that, after 30 years of investment and adaptation, the system is at a crossroads. The proliferation of networks and users has brought new and increasing demands on a system not designed for such use. Further, it was felt that time has now come to shape international cooperation policies and strategies to ensure the Internet meets the needs of as many users as possible, especially those from non-OECD members increasingly coming "on-line". Against this backdrop, the group identified a number of "threats" that have undermined users' "trust" of the Internet. These include the ubiquitous spam, phishing and, increasingly, ID theft and fraud.

What is not in dispute, however, is how rapidly the Internet is becoming a key component of OECD member economies – akin to electricity and roads, according to some. Along these lines and in keeping with what it views as the OECD's "great record of researching and presenting (IT) policy issues, such as the future of the Internet", the U.S.'s National Science Foundation has begun working with the OECD to help flesh out some of the key policy considerations of the NSF's Global Environment for Network Investigations or "GENI" and the world's Next Generation Internet. More on this in our next newsletter. ■

What's New @ OECD?

- OECD's "Going for Growth 2006 Edition": February 7, 2006
- Development Effectiveness of Food Aid: March 16, 2006
- Think Scenarios, Rethink Education: March 24, 2006
- OECD Factbook 2006: Economic, Environmental and Social Statistics: March 28, 2006
- Innovation in Pharmaceutical Biotechnology: March 31, 2006
- Annual "Employment Outlook": June 6, 2006

Key Quarterly Meetings and Events

- Environment and DAC Ministerial: April 4, Paris
- Development Assistance Committee High-Level Meeting: April 5, Paris
- Spring meetings of the IMF and the World Bank Group: April 22-23, Washington
- Global Forum on Agriculture: May 16-17, Paris
- Scientific Challenges for Energy Research: May 17-18, Paris
- GfD Steering Group Meeting at Ministerial, World Economic Forum: May 20-22, Sharm El Sheikh
- OECD Forum: Balancing Globalization: May 22-23, Paris
- OECD Ministerial Council Meeting: Delivering Prosperity: May 23-24, Paris
- Angel Gurría, new OECD Secretary-General Takes Office: June 1, Paris
- Joint OECD/US Business Conference on OECD Initiatives in International Taxation: June 4-5, Washington