

www.usoecd.org

“A Perfect Mind for OECD”

So went the headline in the Financial Times on the eve of the OECD hand-over to new Secretary-General Angel Gurría on June 1. An economist, former statesman, multilingual (six to be exact), and graduate of Harvard, Mr. Gurría is highly qualified for this leading international job. Then why all the fuss? Because Mr. Gurría has one trait that stands out above the rest – he’s the first head of the OECD to come from a newly-industrialized country.

When asked in an interview by the United States Council for International Business just prior to taking office what significance this held, Gurría replied, “...it shows that the OECD is a truly global organization.” Considered a skilled communicator, Angel Gurría has already outlined his objectives for the Organization: to define a clear mandate for the OECD to be at the center of the globalization process. With the support of its 30 members, he’ll also be leading the imminent expansion of OECD membership and increasing the organization’s already substantial outreach efforts. ■



(OECD Photo)

Left to right: WTO Director General, Pascal LAMY; OECD Secretary-General, Angel GURRÍA; Susan SCHWAB, U.S. Trade Representative; Ambassador MORELLA, at MCM 2006.

Dear Friends,

The OECD and its member countries now have a new leader. Angel Gurría, former Mexican Finance and Foreign Minister, assumed his new role as OECD’s Secretary-General in June. Mr. Gurría has a strong agenda designed to ensure that the OECD is a force for global economic prosperity. No stranger to international relations, he will also lead efforts to further engage non member countries and to manage the expansion of OECD membership, ensuring the Organization is well-positioned to meet the challenges of the 21st century.

In May, OECD held its annual Ministerial Council Meeting (MCM) in Paris. Under the chairmanship of the Prime Minister of Greece, it was attended by finance, economic and trade ministers from around the world. Participants discussed issues of importance to their national agendas such as macroeconomic and structural issues; reforms for growth and employment; trade negotiation under the Doha Round; and OECD in the future. The Ministers emphasized the leading role that the OECD will play in the globalization process.

Along with Secretary of Education Margaret Spellings, in June I participated in the OECD Education Ministerial in Athens. With the Ministerial focusing on ‘Higher Education: Quality, Equity and Efficiency’, Secretary Spellings actively engaged in important discussions on key issues such as “Who Should Pay?” “Measuring Quality and Impact,” and “Higher Education’s Contribution to Research and Innovation in a Global Knowledge Economy.”

The OECD has become an important catalyst for “transformational diplomacy” that is at the heart of the President’s and Secretary Rice’s foreign agenda. Indeed the Organization for Economic Cooperation and Development is uniquely positioned to promote best practices in key emerging markets such as Brazil, Russia, India, China, and South Africa (BRICS), as well as many other developing countries.

Personally I remain proud and committed to be leading the U.S. Mission to the OECD.

I invite you to visit our website at www.usoecd.org for more information about our work.



USOECD AMBASSADOR CONNIE MORELLA

Connie Morella

REDUCING GLOBAL IMBALANCES A SHARED RESPONSIBILITY

During the annual meeting of the OECD Ministerial Council Meeting (MCM) on May 23-24, chaired by Greek Prime Minister Kostas Karamanlis, Ministers concurred with the OECD's assessment that the pace of world growth will maintain its buoyant pace of the past few years. The United States has been and will continue to be the main catalyst for world economic growth. The IMF projects global growth in 2006 at 4.8 percent overall and 6.9 percent for emerging markets and developing countries. Inflation remains contained, despite high oil prices, and the financial environment remains supportive of continued robust growth. This will be the fourth consecutive year of global economic growth above 4 percent - the strongest, sustained performance in 30 years.

This is not to say that we can set the economic policy levers on automatic pilot and relax, quite the contrary. Accompanying this strong growth, we have also seen a continued rise in global imbalances that present a risk to the outlook for the future. While there has been an intense focus on the U.S. current account deficit, this deficit is the counterpart of large surpluses elsewhere in the world, triggered by high saving rates and export dependency there.

The U.S. Government believes that there will most likely be an orderly sorting out of these imbalances. The best contribution that the United States can make is to continue growing at our full potential, to make continued progress to reduce our fiscal deficit and to continue to remove anti-saving biases from our economic policy mix.

Reducing global imbalances while maintaining global growth is a shared responsibility that will require significant contributions from Europe, Japan, developing Asia and China, and energy exporters. The United States will do its part and remains committed to cutting its fiscal deficit in half by 2009. But the United States cannot resolve the problem alone.

Delivering Prosperity is no easy task. We believe the economy of the United States is on the right track and urge our partner countries to move ahead more rapidly to adopt the structural policy reforms needed to raise growth rates on a sustainable basis. ■

ECONOMIC NATIONALISM: KEEPING MARKETS OPEN TO FOREIGN INVESTMENT

An OECD Roundtable entitled "Freedom of Investment, National Security, and 'Strategic Industries'" on June 21 addressed the topical issue of keeping markets open to foreign investment. OECD member countries acknowledged the mutual interest in continuing openness to foreign investment as a critical contribution to economic prosperity, while simultaneously recognizing each country's need to protect real national interests. The OECD is uniquely placed to spotlight this issue, identify the scope of the challenge, and to explore possible options for future recommendations. Members and non-member countries alike also believe that policy interests are pulling policymakers in different directions. ■

U.S. Resumes Chair of NEA

The United States has resumed its leadership role in the Steering Committee of the OECD's Nuclear Energy Agency (NEA). Mr. Richard J. K. Stratford of the United States' Department of State was unanimously elected by the Committee to be its new chairman. The Steering Committee oversees the work of the NEA.

U.S. leadership comes at a time when member countries are interested in a renaissance in the use of nuclear energy. The U.S. has a leadership role in major nuclear initiatives, such as the Generation IV International Forum and the Global Nuclear Energy Partnership (GNEP) that was announced earlier this year. GNEP is a comprehensive strategy to facilitate increased use of nuclear energy by demonstrating and deploying new technologies to recycle nuclear fuel, minimize waste and improve our ability to keep nuclear technologies out of the wrong hands. The GNEP would also include building a new generation of nuclear power plants in the United States and developing new nuclear recycling technologies. ■

USTR URGES OPEN MARKETS FOR ALL

Ambassador Susan Schwab, whom President Bush nominated in May and the U.S. Senate confirmed in June as the new U.S. Trade Representative, represented the United States at the trade session of this year's annual Ministerial Council Meeting. Trade Ministers, other officials from all OECD member countries, the European Commission, WTO Director General Pascal Lamy, and officials from several key non-member countries also participated in the meeting. Discussions focused on how the OECD can help achieve a successful conclusion to the Doha Round of WTO trade negotiations.

In her statement, Ambassador Schwab reminded her colleagues that, "the core of our work is opening markets and creating new economic opportunity for all of us, but particularly for the developing world." She noted that last fall, with our agriculture proposal, the United States had met the challenge of putting forward something meaningful on domestic farm supports. Yet, "we are still looking for as meaningful and real a response from others – both developed and advanced developing countries – on agricultural market access." She underscored that only a meaningful and ambitious result would produce significant, new market opportunities and new trade flows.

Greek Prime Minister Kostas Karamanlis, who chaired the trade session, emphasized afterward to the press that "trade is one of the most important drivers of growth, innovation and prosperity." Therefore, OECD countries should make strong efforts to ensure the success of the Doha negotiations, while the Organization continues to play its supportive role. ■

OECD PREPARING TO ADMIT NEW MEMBERS

This year's Ministerial Council Meeting endorsed two historic decisions of the OECD Council: First, an ambitious overhaul of the Organization's governance structure, streamlining decision-making and delegating authority to free the Council to take on a more strategic role; Second, to launch a process aimed at identifying both potential accession candidates and countries to undertake enhanced engagement with the OECD.

The OECD counts as its members the thirty most-advanced market-economies in the world, but there are other major emerging markets that are exerting an increasingly dramatic impact on the world economy. Whereas OECD members once accounted for more than 90 percent of world GDP, today they account for somewhat less than 60 percent.

To ensure that the OECD remains as dynamic and relevant in this century as it was in the last, it needs to step up its already robust outreach and engagement with more than 70 non-member countries – including China, Russia, Brazil, India, Chile, and Israel. In addition, over time the Organization will need to enlarge to include new significant economic actors. For that reason the United States worked with the other OECD members for more than a year to streamline the OECD's governance and decision-making procedures to make it possible to bring in new members while maintaining the Organization's efficiency and productivity. With the reform process complete, Members can now turn their attention to identifying potential accession candidates and developing an enhanced engagement initiative for important non-members. ■

Ambassador Morella Addresses OECD Tax Conference in Washington



(Photo USCIB)

From left to right: Patrick ELLINGSWORTH (Shell), chair of BIAC's Tax Committee; BIAC Chairman Charles HEETER (Deloitte & Touche); Senator Orrin HATCH; Ambassador MORELLA; Jeffrey OWENS, OECD's Director of the Center for Tax Policy and Administration.

Edward Lazear Chairs OECD's Economic Policy Committee



(Photo OECD)

From left to right: Jean-Philippe COTIS, Head Economics Department, OECD; Edward LAZEAR, Chairman, U.S. President's Council of Economic Advisers, Chair, Economic Policy Committee; Angel GURRÍA, OECD Secretary-General.

Memorial Day 2006



(Photo USOECD)

Ambassador Morella Participates in Memorial Day Ceremonies at Oise-Aisne American Cemetery on May 27, 2006.

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

US 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

Washington DC OECD Center
(one of four OECD centers worldwide)
www.oecdwash.org

Ambassador Morella Accepts George C. Marshall Bust from Brigadier General (Ret.) Wesley Taylor, President of the Marshall Foundation



(OECD Photo)

Did you Know?

WOMEN – not trucks, not trains, not planes – carry two-thirds of all goods that are transported in rural Africa.

For more information on the annual review of the recent economic situation and short-term likely evolutions of selected African countries, read the OECD's African Economic Outlook 2005/06.

THE RULE OF LAW IN CHINA: PROGRESS AND PROBLEMS

China has made significant progress in strengthening its legal institutions and acceding to international conventions. These advances notwithstanding, it retains substantial weaknesses, especially relating to law enforcement.

Commenting on China's legal system, Sean Dougherty from the OECD's Economics Department, notes that China has made slow but clear progress over the past 25 years as China has moved from a state-dominated economy with few "modern" laws to one where the Constitution now protects – in principle – private property rights. Since key legislation such as the company law was only passed in recent years, many entrepreneurs began their existence as semi-public entities with ambiguous property rights. Recently, however, the legal rights of private businesses have been strengthened.

The legal profession has been virtually eliminated in China before 1978. Since then, the number of law schools, lawyers, and judges has grown enormously, but there is still a shortage. Fundamental institutional reforms necessary for enforcement have also proceeded slowly, and have had difficulty keeping up with the pace of liberalization of the economy.

The biggest problem at present is the lack of independence of the judiciary. Courts are dependent on local governments for funding, and judges rely on superiors for guidance in decisions. Proposals to centralize funding for the courts have not yet been implemented. Local bias and corruption have made it difficult to enforce intellectual property rights in particular, as well as compensation claims for property seized by local governments – the source of numerous protests in recent years. ■

What's New @ OECD?

- Where Immigrant Students Succeed - A Comparative Review: May 15, 2006
- OECD International Migration Outlook: June 8, 2006
- Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones: June 12, 2006
- Annual OECD Employment Outlook 2006 – Boosting Jobs and Income: June 13, 2006
- Energy Technology Perspectives: Scenarios and Strategies to 2050: June 22, 2006
- OECD Health Data 2006: June 26, 2006
- OECD Agricultural Outlook 2006-2015: July 4, 2006
- OECD Composite Leading Indicators: July 7, 2006

Key Quarterly Meetings and Events

- OECD Forum 2006 – Balancing Globalization: May 22-23, Paris
- OECD Ministerial Council Meeting – Delivering Prosperity: May 23-24, Paris
- OECD Initiatives in International Taxation – Looking Ahead: June 5-6, Washington
- OECD Education Ministerial: June 27-28, Athens
- World Congress of Environmental and Resource Economists: July 3-7, Kyoto
- Creating Value – Building Trust: Corporate Governance Conference: July 5-7, Washington
- G8 Summit: July 15-17, St. Petersburg
- Transparency for Better Corporate Governance Conference: July 17-20, Monterrey

00-2006-3P-1