

Gurría and Morella Tour U.S.

No stranger to the United States, OECD Secretary-General Angel Gurría made an official visit to Washington and New York, February 12-16, in his new capacity as head of the Organization, accompanied by Ambassador Morella. Together they met with members of the House of Representatives and Senate to discuss the benefits of OECD membership to the U.S. Among the officials with whom they met were Senators Lugar and Bennett, Representatives Wolf, Lowey and Frank, and Secretary of Homeland Security Michael Chertoff. They also held discussions with USTR Susan Schwab and Treasury Under Secretary Robert Steel.

In meetings with members of the Center for International Private Enterprise (CIPE) and the U.S. Council for International Business (USCIB), both the Secretary-General and Ambassador Morella reiterated the invaluable contribution of the U.S. business community to policy work of the OECD, including areas such as the promotion of fair tax competition, anti-bribery and anti-piracy.

Later in the week, the Ambassador and Secretary-General, along with chief OECD economist Jean-Philippe Cotis, were featured guests at the OECD Washington Center's Breakfast Series, where they presented *Going for Growth 2007: The Political Economy of Reform*.

In New York, meetings were held with the Federal Reserve Bank and newly-elected United Nations Secretary-General Ban Ki Moon. ■



(Photo US/OECD)

Left to right: OECD Secretary-General Angel GURRÍA, Ambassador MORELLA; Brian LEBOWITZ, Alston and Bird LLB, USCIB VP Lynda WALKER; Ed McCLELLAN, Alston and Bird LLB.

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Dear Friends,

Welcome to the Spring edition of our Mission's quarterly newsletter. For the OECD, Spring signals a time when preparations begin for its annual premier event, the Ministerial Council Meeting (MCM), the first under Secretary-General Angel Gurría. The MCM provides Ministers from OECD countries an opportunity to take decisions on key issues facing the Organization and provide guidance on future policy priorities.

This year's MCM takes place at OECD Paris Headquarters, May 15-16, under the chairmanship of Pedro Solbes, Spain's Deputy Prime Minister and Minister of Economy and Finance, with an overarching theme, "Innovation: Advancing the OECD Agenda for Growth and Equity." While this may seem self-evident for an organization for economic cooperation and development, it is one that bears closer examination given the current challenges that globalization poses. Together with the IMF, World Bank, WTO and ILO, Ministers will discuss innovation, growth, and the dynamics of income disparities. Trade barriers of 'economic patriotism' and protectionism will also be on the agenda. In addition, Ministers will consider the recommendations by Council on enlarging the Organization and engaging more robustly with selected non-OECD countries, both current priorities for the OECD.



USOECD AMBASSADOR CONNIE MORELLA

In parallel, participants will be invited to join discussion at the OECD Forum 2007 to debate issues on the Ministerial agenda. The International Energy Agency's Governing Board will also meet under the overall theme of 'Bridging the Energy Gap', investigating the actions needed to balance the triple priorities of energy security, environmental sustainability and economic growth in today's rapidly evolving energy markets.

The year 2007 marks the 60th anniversary of the Marshall Plan, hailed as one of the most successful diplomatic and economic initiatives in U.S. history. In the aftermath of World War II, the Plan not only accelerated the reconstruction of a war-torn continent, it also reinforced the international and economic cooperation between Europe and the United States. In a Harvard address on June 5, 1947 Secretary of State George C. Marshall described his vision for a 'family of nations' and one year later, with 17 founding members from Western Europe, the Organization for European Cooperation and Development (OEEC) was born. The OECD became its successor in 1961 and today counts some 30 countries as its members.

To commemorate Marshall's legendary European Recovery Program, the U.S. Mission to the OECD, together with Embassy Paris, the U.S. Mission to UNESCO, the George Marshall Foundation and the George Washington University has planned a symposium on June 13th entitled, 'The Marshall Plan: Lessons Learned for the 21st Century.' Participants will discuss lessons the Marshall Plan holds for today's challenges, particularly those of capacity building and sustainable development in emerging market economies.

Finally, I would like to thank the official U.S. delegates who journey here from Washington throughout the year, without whom we could not possibly conduct our work at this international forum. My appreciation also goes to the men and women who serve with me here in Paris, advancing U.S. interests around the world.

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

Connie Morella

Slovak Republic to Become Newest IEA Member

The International Energy Agency (IEA) has invited the Slovak Republic to become its 27th member country. While heavily dependent on crude oil supplies from Russia, the Slovak Republic is a net-exporter of refined petroleum products, providing an important share of product supply to its neighbors. It is also a key energy transit country in Central and Eastern Europe for a significant volume of both crude oil and natural gas. The Slovak Republic has been a member of the OECD since December 2000 and a member of the Nuclear Energy Agency since 2002.

The IEA Governing Board noted the remarkable progress the Slovak Republic has made in transforming its energy sector into a market-oriented one that is based on the principles espoused by the IEA. The IEA also noted that the Slovak Republic has taken impressive steps to provide for its own energy protection. Government-held emergency reserves are steadily being built up in order to cover the Slovak Republic's stockholding obligations. Given the large and growing volume of public stocks, the Slovak Republic can be expected to remain consistently compliant with the IEA's obligations. ■



(Photo OECD)

U.S. Delegation lead by A/Deputy Administrator James Kunder (fourth from right, first row) with DAC Chair Richard Manning (center, first row) during DAC Peer Review of the United States

FISHERIES PRESERVATION HIGH ON OECD AGENDA

Covering over more than 70 per cent of the Earth's surface, the oceans are now gaining more importance in almost every area of our lives. The oceans' resources are vital in providing jobs, recreation, tourism, food and multiple commercial as well as industrial products. Fisheries are important natural renewable resources which are currently threatened by mismanagement and conflicting international policies. Over-exploitation and ecosystem modification have also taken a toll on the long-term sustainability of this valuable economic resource, not to mention the damage caused by marine pollution and climate change. It is in all our interests to preserve fisheries, not only for their economic benefits, but also for their obvious environmental significance.

The OECD plays an important role in trying to ensure the sustainability of fisheries. The Organization's Committee for Fisheries (CoFi) was created in September 1961 and serves as forum for the discussion of economic and policy matters related to fisheries, such as fisheries management, trade questions, financial assistance and responsible fisheries issues. Responsible fishers practices seek effective conservation, management and development of living aquatic resources, bearing in mind the interests of consumers, producers, researchers, and other interested communities. CoFi also examines the conditions of fisheries in Member countries and publishes its findings in the Review of Fisheries. Particular attention is paid to Illegal, Unreported and Unregulated Fishing (IUU), which depletes global fish stocks and hinders the possibilities of rebuilding them in the future. CoFi's work regarding IUU studies the social, economic and environmental effects of this activity, noting the need to eliminate the incentives which lead to fish piracy and establish mechanisms to identify those who commit it.

Last year, the U.S. delegate to CoFi, Greg Schneider of NOAA's National Marine Fisheries Service, was elected Chair of the Committee. As Chair, he oversees CoFi's agenda, which for 2006-2008 has two major issues: the effects of globalization on the fisheries sector, and fisheries policy reform. Important events this quarter included a workshop on Opportunities and Challenges of Fisheries Globalization (April 16-17) that brought together policy makers and industry representatives. The workshop preceded a CoFi meeting (April 18-20), where the Committee's mandate was reviewed, as well as an in-depth review planned. ■

DAC PEERS APPLAUD U.S. LEADERSHIP IN FOREIGN ASSISTANCE

The OECD's Development Assistance Committee (DAC) concluded its Peer Review of the United States Foreign Assistance on December 7, 2006. The DAC applauded the greater priority being given to development as part of the new policy of Transformational Diplomacy and the dramatic increase in U.S. Official Development Assistance (ODA) since the last Peer Review in 2002. U.S. ODA nearly tripled from \$10.0 billion in 2000 to \$27.6 billion in 2005, and aid to Africa grew from \$1.5 billion to \$4.2 billion.

The review focused on the creation of the State Department's Office of the Director of Foreign Assistance (DFA), the new Foreign Assistance Framework, and the Millennium Challenge Corporation, all considered innovative approaches to aid delivery, country ownership and aid effectiveness.

The U.S. leadership in foreign assistance, notably humanitarian assistance, was widely acknowledged. The U.S. was encouraged to develop a more explicit humanitarian policy. The DAC noted the enhanced role of the Defense Department in delivering aid and urged that operational lines be clarified so aid efforts are closely coordinated and primarily focused on development. The DAC made a number of other recommendations for enhancing public diplomacy, strategic planning, internal policy coherence, field operations, aid effectiveness, and collaboration with other donors. Some of these relate directly to discussions and reforms underway in U.S. foreign assistance.

USAID's Acting Deputy Administrator James Kunder headed the U.S. delegation which also included DFA Nazanin Ash, MCC Maureen Harrington, STATE/PRM Kelly Clements, USAID/DCO Norman Nicholson, USOECD/DAC George Carner, and USAID/DA Allyson Stroschein. Ambassador Morella participated in the morning session and hosted a lunch for the DAC Chair, the Canadian and British Examiners, DAC Secretariat and the U.S. delegation. For more information on OECD peer reviews visit www.oecd.org/dac/peerreviews. ■

SPOTLIGHT ON THE OECD'S WORKING GROUP ON BRIBERY

Bribery and corruption have long been a prevalent aspect of society. So prevalent, in fact, that in some countries bribing an official was not only legal, but rewarded through a deduction on taxes. In order to level the playing field for business worldwide, OECD member countries put bribery and corruption on the OECD agenda in 1989. Created to draft and then monitor the Organization's first recommendation on Combating Bribery in International Business Transactions, a working group of experts was formed. That recommendation, adopted in 1994, and the revision that followed in 1997 set the stage for negotiations on an international convention to criminalize bribery.

The momentum to develop the Convention was born out of the conviction that bribery of foreign government officials in international business transactions is a serious threat to the development and preservation of democratic institutions. This realization led OECD to adopt a convention – a rather unusual action at the OECD – that would be a binding instrument with monitoring mechanisms.

The Working Group on Bribery is composed of government experts from the 36 participating countries that meet to monitor compliance with the Convention. The monitoring process, which is based on a rigorous system of peer review, is divided into two examination phases. Phase 1 involves a comprehensive assessment of the conformity of the examined country's anti-bribery laws with the Convention. Phase 2 involves one week of intensive meetings in the examined country with key actors from government, law enforcement authorities, business, trade unions and civil society.

In the context of its regular exchange of views, the Working Group in 2007 has engaged in discussions regarding the discontinuation by the United Kingdom of a major foreign bribery investigation concerning BAE SYSTEMS plc and the Al Yamamah defense contract with the government of Saudi Arabia. At its March 2007 meeting, the OECD Working Group on Bribery reaffirmed its serious concerns about the United Kingdom's discontinuance of the BAE Al Yamamah investigation and outlined continued shortcomings in UK Anti-Bribery legislation. It urged the UK to remedy these shortcomings as quickly as possible and decided to conduct a further examination of the UK's efforts to fight bribery. ■

GOING FOR GROWTH 2007 – GAPS IN GDP WIDEN

With a number of the world's most advanced countries finally shaking off the sluggish economic growth of recent years, now is the time to step up, not slacken, the pace of reform, according to the latest edition of the OECD's annual *Going for Growth* report.

The recently released third installment of *Going for Growth 2007* highlights the weaknesses that are holding back some OECD economies from raising material living standards and why the process of convergence of the economies of Japan and much of continental Europe to that of the United States has stalled over the past two decades. For each OECD member country, the project identifies five structural policy priorities which merit focus, regardless of their overall level of development.

The idea of "Going for Growth" came from former Council of Economic Advisers Chairman Glenn Hubbard, who proposed such a report card process at an OECD meeting in 2003, on the grounds that every country has room to improve.

Gaps in GDP per capita and productivity remain substantial in a number of countries and/or are growing. Finland, Iceland, Ireland, Luxemburg, Norway and Sweden appear to be enjoying GDP per capita close to or above the U.S. level, while Greece, Hungary, Korea, Poland and the Slovak Republic are starting to catch up, albeit from low levels. For the European Union as a whole, *Going for Growth 2007* finds that, compared with the United States, gaps in GDP per capita and productivity have widened and gaps in both GDP per capita and productivity remain high in Japan. ■

Congressman Michael Oxley Addresses Corporate Governance Conference in Paris



(Photo USOECD)

From left to right: Michael GARCIN, President French-American Foundation; Ambassador MORELLA; Ambassador Craig STAPLETON, U.S. Embassy Paris; Michael OXLEY.

Under Secretary Paula Dobriansky Visits USOECD



(Photo USOECD)

From left to right: Ambassador MORELLA; Paula DOBRIANSKY, Under Secretary of State for Democracy and Global Affairs; Paul REID, Deputy Chief of Mission USOECD.

H.R.H. The Prince of Asturias Attends Meetings at OECD and IEA



(Photo OECD)

From left to right: Angel GURRÍA, OECD Secretary-General; Prince Felipe, Crown Prince of Spain; Ballesteros DÍAZ, Spanish Ambassador to the OECD; Greek Ambassador to the OECD, Anthony COURAKIS; Ambassador MORELLA.

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Did You Know?

In the year 2000, around 175 million people – 3% of the world's population – were residing outside their country of birth or citizenship. The volume of remittances, or the transfers of private savings by immigrants, was estimated at \$126 billion in 2004, more than twice the official development aid from OECD countries to non-member nations.

For more information on the role remittances play in development and their macroeconomic impact in specific countries, refer to the OECD's publication "Migration, Remittances and Development."

Maryland Delegation and OECD attend BioVision 2007 Conference, Lyon, March 11-14, Where World Leaders Debated Role of Life Sciences to Achieving Millennium Development Goals



(Photo Bob Eaton)

THE RISE OF POLITICAL ECONOMY OF REFORM

For 46 years the OECD has been working with member countries to develop appropriate policies to improve their economic performance and growth. Exchange of policy experiences, identifying good practice, and peer pressure are used to help governments address policy challenges at home. As globalization exerts more pressure for economic growth, the task of promoting structural reform by decision-makers, the so-called political economy of reform, has become more acute.

While OECD empirical evidence shows that countries that have advanced their reform agenda have improved economic performance, structural reforms remain difficult for political leaders. Through its benchmarking exercise, *Going for Growth 2007*, OECD was able to measure reform progress among member countries. Clearly some are doing better than others, indicating reform is viewed as a political liability, not a political asset.

The OECD has identified a number of triggers to facilitate reform. Whether through macroeconomic policy or liberalization of markets, domestic reforms are possible, and in many cases may be facilitated with the help of the OECD. Not only is the Organization focused on assisting governments to identify best policies and practices, it has increasingly emphasized guidance to policy-makers on taking the tough decisions required for innovation and growth. Identifying solutions, while difficult, is not enough – working through the political economy of each individual situation to realize the solutions is today's ultimate challenge. ■

What's New @ OECD?

- Main Science and Technology Indicators: January 2, 2007
- Pensions Panorama: – Retirement-Income Systems in 53 Countries, January 29, 2007
- Going for Growth 2007: Economic Policy Reforms: February 13, 2007
- Women and Men in OECD Countries: February 19, 2007
- Taxing Wages: February 28, 2007
- Improving Co-ordination between Environmental and Health Policies: March 12, 2007
- Agricultural Policies in non-OECD Countries: March 15, 2007

Key Quarterly Meetings and Events

- What Policies for Globalizing Cities? Rethinking the Urban Policy Agenda, Public Governance Conference, March 29-30, Madrid
- "Is happiness measurable and what do those measures mean for policy?", Statistics Conference, April 2-3, Rome
- Spring meetings of the International Monetary Fund and World Bank Group, April 14-15, Washington
- World Economic Forum on Latin America, April 25-26, Santiago
- OECD Forum 2007 – Innovation, Growth and Equity. May 14-15, Paris
- Ministerial Meeting of the International Energy Agency – Bridging the Energy Gap, May 14-15, Paris
- OECD Ministerial Council Meeting – Innovation: Advancing the OECD Agenda for Growth and Equity, May 15-16, Paris
- G-8 Summit, June 6-8, Heiligendamm