

### Secretary Rice Officially Launches PDG

On October 1, 2007 in New York City, Secretary Rice and representatives from 14 countries and international organizations officially launched the Partnership for Democratic Governance (PDG) at a ceremony co-hosted by United Nations Development Program (UNDP) Administrator Kernal Dervis and OECD Secretary General Angel Gurría.

The first of its kind, the PDG is a three-year initiative to support developing countries, including fragile states, post-conflict states and emerging democracies in building their governance capacity and improving service delivery to their citizens. Its small Advisory Unit is housed at the OECD.

Founding member countries of the PDG include Australia, Brazil, Canada, Chile, Denmark, Japan, Korea, Mexico, New Zealand, Poland, Turkey, the United States, the OECD, UNDP, Organization of American States (OAS), and the Inter-American Development Bank (IDB).

For more information on the PDG or for those governments interested in submitting projects for consideration, please visit the OECD online at [www.oecd.org/pdg](http://www.oecd.org/pdg) or email the PDG Advisory Unit at [PDGcontact@oecd.org](mailto:PDGcontact@oecd.org).

### Secretary of State Condoleezza Rice Officially Launches PDG at United Nations



(Photo OECD)

Left to right: Kemal DAVIS, UNDP Administrator, Secretary of State RICE, Angel GURRÍA, OECD Secretary General, Alejandro FOXLEY, Foreign Minister of Chile.

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On November 14, 2007 I assumed my post as United States Permanent Representative to the Organization for Economic Cooperation and Development (OECD). Since my arrival in Paris two months ago, I have been working in earnest with my U.S. Mission team as well as with the OECD Secretary General Angel Gurría and his Secretariat.

As a founding member of the OECD nearly 50 years ago, the U.S. has received enormous benefits from this multinational organization and we look forward to helping the OECD achieve its new mandate as leader of the globalization process. To that end, a key priority is to enlarge OECD membership, having just invited Chile, Estonia, Israel, Russia and Slovenia to begin accession talks. The accession process was officially launched with the recent approval of OECD "road maps" by the Organization's committee of Ambassadors, the Council, outlining the accession process for each candidate country. 2008 is proving to be a momentous year for the OECD.



AMBASSADOR CHRISTOPHER F. EGAN

Globalization is also at the top of the agenda of most nations around the world. While fear mongers would suggest imminent disaster, the reality is that globalization is much more of an opportunity than a threat. Yet Americans are cautious. Recent polls indicate that only 28% of Americans believe in globalization. If the United States is to be among the winners, keeping the U.S. economically strong and globally competitive is critical. Our work at the OECD is designed to help do just that.

I look forward to keeping you informed about the activities of the OECD, its impact around the world, and the benefits it brings to the United States. Please visit us online to learn more about our work at [www.usoecd.org](http://www.usoecd.org).

On behalf of my team here at the U.S. Mission to the OECD, best wishes for a happy, healthy and prosperous 2008.

Christopher F. Egan

## OECD Releases Historic Report on India

In its first-ever *Economic Survey of India*, the OECD reveals that India's annual economic growth could reach a sustainable 10 percent and be spread more evenly across the country if it pursues ambitious and wide-ranging reforms.

The OECD says the market-based reforms since the 1980s have helped reduce poverty and average incomes are expected to double within the next decade. Economic growth is now running at a sustainable eight percent a year, and India has become the world's third largest economy behind the U.S. and China when measured in terms of real prices and purchasing power.

The report emphasizes that India's success over the last two decades is largely the result of reforms that give a greater role to the private sector while reducing the presence of the state in economic affairs, allowing India to benefit from globalization. Yet despite significant progress, the OECD survey indicates that India's economy could benefit from further reforms.

Publication of the first-ever report on the Indian economy follows a decision by OECD Members in May 2007 to engage more closely with the country. It was the result of extensive discussions between OECD staff and a wide range of experts in India's government and private sector. For more information on India and the report, please visit [www.oecd.org/india](http://www.oecd.org/india).

## Secretary General Launches OECD Economic Survey of India in New Delhi



(Photo OECD)

Left to right: Dr. Rajiv KUMAR, Director & Chief Executive, Indian Council for Research on International Economic Relations (ICRIER), Angel GURRÍA, OECD Secretary General, Dr. Isher Judge AHLUWALIA, Chairperson, ICRIER

## OECD LAUNCHES ACCESSION TALKS

In December 2007, OECD Members gave a green light for the start of accession talks with five prospective new members – Chile, Estonia, Israel, Russia and Slovenia – signaling a new stage in the Organization's drive to broaden and deepen its involvement with emerging players in the global economy.

The approval of the so-called "road maps", setting a negotiating framework for each of the five countries, marks the formal launch of a process agreed at the OECD Ministerial Council Meeting in Paris last May. In parallel, OECD announced plans to engage more closely with other significant economies, notably Brazil, China, India, Indonesia and South Africa, as well as with the region of South East Asia.

The two-track process is designed to reinforce OECD's role as a hub for dialogue on global issues involving both OECD and non-OECD countries, and will help to consolidate its role as a source of policy solutions for countries around the world.

Accession negotiations will take place individually between the candidate countries and the OECD committees that handle the substantive aspects of the OECD's work. Senior OECD officials will visit each of the five candidate countries over the coming weeks to set the accession talks in motion. Once all relevant OECD committees are satisfied that a candidate country fulfils the requirements for membership, a final decision on whether to issue an invitation for membership will be taken by the Organization's governing Council of ambassadors, including the United States. If all five countries meet our requirements and eventually join, the OECD's membership would increase to 35 countries. The most recent entrant was the Slovak Republic which joined in 2000.

## OECD CELEBRATES 10<sup>TH</sup> ANNIVERSARY OF ANTI-BRIBERY CONVENTION

Adopted on November 21, 1997 the OECD Anti-Bribery Convention marked its 10th anniversary with an international celebration in Rome. Ministers of the Convention's signatory countries discussed its impact and achievements, the road ahead, and the detection, investigation and prosecution of foreign bribery.

The list of attendees, led by Italian Prime Minister Romano Prodi and OECD Secretary-General Angel Gurría, included Ministers and High Level representatives from the 37 signatory countries to the Convention, including 30 OECD member countries plus Argentina, Brazil, Bulgaria, Chile, Estonia, Slovenia and, most recently South Africa. Also participating were international experts and representatives from emerging economies including China, India, Indonesia, Israel and Russia.

Until the OECD Convention was adopted, bribery of foreign public officials was widely accepted as a normal way of doing business in many countries in the world – in some, it was a tax deduction. Today, there is growing recognition worldwide that corruption undermines democratic institutions and damages the investment climate in developing countries. While much has been accomplished since the birth of the OECD Convention – primarily in the adoption of new anti-bribery laws, the creation of special investigation units and improvements in international coordination and cooperation – stronger enforcement remains critical. There is, of course, also great interest in expanding the Convention's membership, especially to include large emerging economies.

Today, more than 150 bribery investigations are underway and at least 30 individuals and companies that committed foreign bribery have been prosecuted and punished. Recently, the German authorities fined one of its companies €200 million for bribery of foreign public officials.

Shortly after the Rome conference, Transparency International, the leading international NGO campaigning against corruption, chose Mark Pieth, chair of OECD's Working Group on Bribery, as one of two recipients of its annual Integrity Awards.

## SPOTLIGHT ON OECD INVESTMENT COMMITTEE

The OECD's Investment Committee (IC) has long promoted investment worldwide by developing universally recognized "rules of the game" relating to international investment. The Committee's hallmark products like the "Codes of Liberalization of Capital Movements", the "Code of Liberalization of Current Invisible Operations" and the "Declaration on International Investment and Multinational Enterprises" enable countries to commit to and adopt sound investment policy practices. These policies in turn benefit investors from the U.S. and other countries by reducing uncertainty and thus cost, encouraging more investment. Since investment is a key driver of economic growth, fair and transparent rules that lead to increased investment benefit everyone.

Not only does the IC develop internationally recognized investment instruments, it also provides an excellent forum for emerging issues, including Sovereign Wealth Funds (SWF – government-owned investment vehicles that are funded by foreign exchange assets). The recent and rapid increase in the size and number of SWFs has created public unease about the potential impact of their investment policies on financial markets and in "strategic" industries. The IC is working to establish best practices that can alleviate concerns while preserving the principles of open and transparent international investment.

As the geographic distribution of investors in OECD countries continues to broaden, the IC recognizes that outward investors are increasingly coming from the Middle East, Asia, Latin America and Africa. In collaboration with OECD's regional programs, the IC is encouraging non-member countries to move forward with comprehensive investment policy reforms to enhance their business climate and promote private sector development. The IC's outreach efforts in the Middle East were recently showcased at the OECD Middle East North Africa (MENA) Ministerial in Cairo. The IC played an integral role in establishing the MENA Investment Centre in Bahrain, creating a regional Enterprise Financing Network and implementing a new \$2 million capacity building project with Iraq's Ministry of Trade. The IC's commitment to effective integration of non-member countries in the international economy unlocks investment potential and ensures financial stability and prosperity in the global market. ■

## IEA IMPORTANT TO U.S. ENERGY POLICY

Established in 1974 as an energy forum for industrialized countries to take joint action to meet oil supply needs in emergencies, the International Energy Agency (IEA) was created as a direct result of market and political disruptions from the oil crisis of the 1970s. Today, the IEA has expanded its portfolio to include the full scope of other major energy sector interests and comprises 27 member countries, including the United States as an active member.

In an effort to ensure energy security, encourage economic growth and protect the environment, member countries share energy information on energy supply, demand and trends, and coordinate energy policies and cooperate in the development of energy programs. Senior energy analysts and economists utilize this data to prepare reports and forecast intermediate and extended outlooks, noting key developments in energy markets. The IEA's annual flagship publication *World Energy Outlook (WEO)* has become the leading source of energy analysis and projections worldwide. As the IEA looks to engage India and China in its process for creating global energy scenarios, the recent 2007 report focused on insights specifically relating to the growth of these two energy giants. At the December 2007 meeting of the Governing Board, attended by U.S. Assistant Secretary Karin Harbert and U.S. Ambassador Christopher Egan, both India and China were represented in open committee meetings – an IEA first.

As energy demands increase globally and oil teeters on the verge of the \$100 a barrel range, member countries are ever more interested in U.S. domestic energy strategies to meet these high demands for energy. Recently announced plans by the U.S. to minimize its carbon footprint with energy efficiency standards provides proof – and an example – to our partners that while we are serious about meeting demands, we are equally serious about optimizing efficiency and protecting the environment. ■

## OECD Discusses Accession "Road Map" with Israel in Tel Aviv



(Photo OECD)

From left to right: Ehud OLMERT, Israeli Prime Minister and OECD Secretary General Angel GURRÍA

## Ambassador Egan Hosts Roundtable for USAID to Present "The Global Development Commons" in Paris



(Photo USOECD)

From left to right: Ambassador EGAN and USAID Administrator Henrietta HOLSMAN FORE

## South Africa Signs OECD Anti-Bribery Convention



(Photo OECD)

From left to right: Angel GURRÍA, OECD Secretary General, Nomasanto Maria SIBANDA-THUSI, South African Ambassador to France, Mr. PIKOLI, South African Director of Public Prosecutions, Mark PIETH, Chair of OECD Anti-Bribery Convention Working Group

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### Did You Know?

Demand for increased job skills has risen around the world, such that education that has previously been provided through apprenticeship routes now requires high levels of education. Take the job of a car mechanic: In 1930, all the coded information for a GM car could be captured in 230 pages. Today, a single car involves some 15,000 pages of coded knowledge which workers will need to be able to access, manage, integrate, and evaluate.

### Ambassador Egan Signs Partnership for Democratic Governance MOU



(Photo USOECD)

Left to right: Paul REID, USOECD Deputy Chief of Mission, Bonnie SCHAEFER, PDG Administrative Officer, Ambassador EGAN, Charles RANDOLPH, USOECD Advisor for Education and Environment, George CARNER, USOECD Minister-Counselor for Development Affairs (USAID)

## OECD TO PRACTICE WHAT IT PREACHES

The OECD has built its reputation on developing best practices, drawing on the experiences of its member countries. The result is a wide array of opinion, guidelines, recommendations and, occasionally, disciplines stemming from OECD work that is readily adapted to specific policy and governance settings.

Interestingly for the OECD, many of these best practices have bypassed the very organization that played the catalytic role in bringing them about. OECD governance is largely a legacy dating from the Organization's creation in 1961 with only occasional reform to bring it up to date.

OECD management is now working to change all that. In a number of key areas, the Organization is seeking to actually "practice what it preaches", notably in the areas of human resources management, rights and obligations of OECD personnel, audit, and the Budget and Fiscal Management Program (BFMP).

In human resources, the thrust of reform is to empower managers to manage their people – and the resources required to support them – closer to their home offices, as well as to gain greater and more representative diversity with more activist recruiting. The rights and obligations exercise is designed to bring senior levels into a more rules-based personnel system. Audit reform, perhaps the most complex of these, aims to clear out the many complexities of the current architecture to simplify, and thereby strengthen, lines of reporting and responsibility. Meanwhile, the BFMP is an ambitious data, accounting, and reporting system that ties outputs – the very work of the OECD – to budget inputs, finally aligning the full budget cycle with the output structure the Organization has been operating under since 2002.

With the successful implementation of these reforms, the OECD can truly claim to be an exemplary organization – one that not only develops positive recommendations for policy and governance, but one that heeds its own advice as well. ■

## What's New @ OECD?

- OECD China Innovation Review. August 27, 2007
- Economic Survey of India. October 9, 2007
- OECD PISA Survey 2006. December 4, 2007
- OECD Economic Outlook. December 6, 2007
- Latin American Economic Outlook. December 7, 2007
- Benefits and Wages: OECD Indicators 2007. December 13, 2007

## Key Quarterly Meetings and Events

- 10<sup>th</sup> Anniversary of the OECD's Anti-Bribery Convention, November 21, Rome
- OECD Launches Accession Talks with Five Prospective New Members, December 3, Paris
- OECD PISA Survey 2006 Released, December 4, worldwide
- Old Europe, New Ideas: What Americans Can Learn from its Allies, February 20, Washington
- OECD Global Forum on Competition, February 21-22, Paris
- 2<sup>nd</sup> OECD Global Forum on Education, March 3-5, Santo Domingo
- China Towards 2020: Development Goals and Policy Options, March 23-24, Beijing
- OECD Global Forum on International Investment, March 27-28, Paris