



TRADE UNION ADVISORY COMMITTEE  
TO THE ORGANISATION FOR ECONOMIC  
COOPERATION AND DEVELOPMENT  
COMMISSION SYNDICALE CONSULTATIVE  
AUPRÈS DE L'ORGANISATION DE COOPÉRATION  
ET DE DÉVELOPPEMENT ÉCONOMIQUES

**OUTCOME  
OF THE OECD MINISTERIAL COUNCIL MEETING  
Paris, 29-30 May 2013**

**SUMMARY EVALUATION  
By the TUAC Secretariat**

1. The main item on the agenda of the 2013 OECD Ministerial Council Meeting (MCM), chaired by Norway (with Australia and Estonia as Vice-Chairs), was “Jobs, Equality and Trust”, reflecting the serious economic and social situation in most OECD countries. The Chair’s summary of the meeting<sup>1</sup> as well as the Ministerial Council Statement (<http://www.oecd.org/mcm/>), issued at the end of the meeting, both included language that if acted on would mean progress in prioritizing employment and reducing inequality. However, as austerity prescriptions prevail with the Euro zone in recession and unemployment rising, an alarming gap appears between language in declarations and policies that are implemented. It remains to be seen, whether the meeting will represent an actual policy shift towards more inclusive, job-rich and green growth.

2. In its statement<sup>2</sup> to the MCM, TUAC had repeated its call for OECD governments to turn away from austerity policies, take action to create jobs, especially for youth, address inequality and invest in infrastructure and the green economy so as to lay the foundations of inclusive and sustainable growth. It had called for action to counter the erosion of tax bases and to design social upgrading strategies for Global Value Chains (GVCs), including a better implementation of the OECD Guidelines for Multinational Enterprises (MNE Guidelines). TUAC and BIAC participated in the main MCM meeting and trade union speakers were able to intervene on all of these priorities as well as at sessions of the OECD Forum (<http://www.oecd.org/forum/>) that preceded the Council meeting. There has been steady progress over the past five years in TUAC’s access to the MCM (which is not the case with some of the most important OECD Committees). The Norwegian Chair drew particular attention to the need to strengthen social dialogue. His summary “*highlighted the important role of social partners and dialogue in tackling the social aspects of the crisis*” (§3).

3. The OECD’s Economic Outlook (<http://www.oecd.org/eco/economicoutlook.htm>), released at the opening of the MCM, again revised downwards the OECD forecast for GDP growth in 2013 to 1.2% compared to 1.4% in November. The average numbers mask major divergences between OECD regions. What it dubs “*multiple paths to recovery*” downplays the fact that the contraction in the Euro area will be at -0.6% this year compared to the -0.1% that were forecast last November. US growth (at 1.9%) is close to the previous forecast. Meanwhile, Japan’s growth is now forecast to be at 1.6% in 2013 vis-à-vis the 0.7% forecast of last December as a result of the fiscal and monetary expansion. Despite this, the OECD does not draw the conclusion that contractionary fiscal policies in Europe are contributing to

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<sup>1</sup><http://www.oecd.org/mcm/chairsummary-oecdministerialcouncilmeetingmcm29-30may2013-itsallaboutpeoplejobsequityandtrust.htm>

<sup>2</sup> [http://www.tuac.org/en/public/e-docs/00/00/0C/C8/document\\_doc.phtml](http://www.tuac.org/en/public/e-docs/00/00/0C/C8/document_doc.phtml)

recession, whilst expansionary policies in Japan are raising growth. The results place fiscal consolidation recommendations at odds with the call for job creation and growth acceleration. Unemployment levels across the OECD are predicted to increase to 8.1% in 2013. In the Euro zone, unemployment is forecast to increase by 0.9% to 12.1%, while in the US it is expected to fall, albeit only by 0.6% to 7.5%. Despite more positive projections for 2014, the data clearly display that austerity has not led to “*self-sustained growth*” or investors’ and consumers’ confidence. The Outlook nevertheless continues to give contradictory messages stating that “*fiscal policy will continue to be geared to consolidation*”, while at the same time “*the macroeconomic policy stance in the Euro area should be more supportive*”.

4. At the MCM itself, policy commitments were made on promoting labour market activation strategies, reducing inequality, investing in skills, and supporting *Gender Equality in Education, Employment and Entrepreneurship*. However, as the OECD released its data on inequality prior to the MCM, policy messages from Ministers, who presented austerity and growth as compatible strategies, were contradictory in the very least. It is nonetheless welcome that the analysis on inequality and the Inclusive Growth project will be pursued further. This is placed within the orbit of the New Approaches to Economic Challenges project, out of which the Chair’s conclusions expect “*targeted policy proposals to be presented at the next Ministerial Meeting in 2014*”. In addition, the MCM conclusions display a different focus on structural policies in comparison to calls for “structural reforms”, specifically in OECD country economic surveys, through which the OECD promotes freeing up markets and frequently weakening employment protection, collective bargaining and minimum wages.

5. TUAC has welcomed the commitment to an OECD Action Plan “*Giving Youth a Better Start*” and is prepared to actively contribute to this initiative. Detailed TUAC comments have been published<sup>3</sup>. The acknowledgement of the need to tackle weak aggregate demand in order to promote job creation for young people is a positive sign. Increasing investments in education, vocational training, skills, career and income assistance are all necessary steps forward. However, despite evidence to the contrary, the Action Plan sees employment protection as a factor that drives youth unemployment.

6. The Declaration on Base Erosion and Profit Shifting (BEPS) agreed to at the MCM, co-signed by Argentina, Brazil, Indonesia, the Russian Federation and South Africa, sets out the core priorities, including “*improvements or clarifications*” to the current OECD transfer pricing rules, updated solutions or new jurisdiction to tax rules to adapt the rise of the digital economy, greater empowerment of tax authorities and more effective “anti-avoidance” measures. The Declaration on BEPS is important in so far as it raises the ambition of the OECD work on tax avoidance and aggressive tax planning. The true test of ambition, however, will be in July 2013 when the OECD “Comprehensive Action Plan” is disclosed. Nevertheless, with this work and the parallel agenda on tax transparency, tax is back on the global policy agenda. The Ministerial Statement’s “*call on all jurisdictions to move towards automatic exchange of information and to improve the availability, the quality and the accuracy of information on beneficial ownership, in order to effectively act against tax fraud and evasion*” (§7) if acted on could be a major breakthrough.

7. On trade, Ministers reaffirmed what is now somewhat ritual support for a transparent, rules-based multilateral trading system, resisting trade protectionism and achieving a

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<sup>3</sup> [http://www.tuac.org/en/public/e-docs/00/00/0C/DB/document\\_doc.phtml](http://www.tuac.org/en/public/e-docs/00/00/0C/DB/document_doc.phtml)

significant trade facilitation agreement at the WTO Ministerial Meeting in Bali in December 2013. On Global Value Chains (GVCs), Ministers welcomed the OECD's work on measuring trade in terms of "value added" (TiVA). They used this new data to emphasise the importance of further liberalising services and promoting investment in the context of GVCs. The TUAC speaker at the MCM questioned some of the implications with regard to services. A central issue that emerged at the Forum and in discussions around the MCM was how to raise social standards, safety and working conditions in supply chains given the spate of appalling industrial disasters in Bangladesh, Cambodia and Pakistan. Whilst the main emphasis was on trade liberalisation and investment promotion, Ministers did underline the importance of the "*convergence of regulatory standards*", to allow developing as well as developed countries to take advantage of GVCs. This led to the Chair's Summary stating that Ministers "*stressed the importance of promoting responsible business conduct, including through the effective implementation of the OECD Guidelines for Multinational Enterprises*" (and called on the Organisation to use the first Global Forum on Responsible Conduct in June 2013 to discuss these issues further). Meanwhile, in regards to development policies, Ministers endorsed the OECD Strategy on Development in promoting policy coherence and issuing targeted policy advice through multi-dimensional country reviews. They also asked the OECD to continue to engage in international efforts as the Busan Global Partnership, the post-2015 development framework and the G20.

8. On accession, Ministers agreed to start accession negotiations with Colombia and Latvia and made a commitment to open membership talks with Costa Rica and Lithuania in 2015. TUAC had called for the OECD to review the progress made by Colombia in the areas of *trade union rights, workers' protection and the fight against impunity for violence against trade unions* before issuing the invitation to join the Organisation. Now, that membership talks will begin, TUAC will set up a trade union group, working together with the ITUC and TUCA, to ensure that the process acts as a lever for positive change for Colombian workers. The OECD also agreed on a new regional programme for South-East Asia that TUAC will monitor closely with ITUC AP and affiliates in the region.

9. Overall the outcome of the meeting gives TUAC a set of clear objectives to meet over the coming months, notably on the NAEC conclusions, the Youth Action Plan, trade, investment and the MNE Guidelines, and contributing policy recommendations with a stronger focus on development. Overall, trade unions remain deeply concerned that the paradigm of austerity is still reigning, though in a more muted form, and that measures that would accelerate growth and demand are not being adequately prioritised. While the focus on *jobs, equality and trust* is strongly welcomed, real policy changes should follow suit to prevent devastating and long-term economic and social consequences for sustainable development and green and job-rich growth.