



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, 6-7 May 2014  
SUMMARY EVALUATION  
By the TUAC Secretariat**

1. The 2014 OECD Ministerial Council Meeting (MCM), chaired by Japan (with Slovenia and the United Kingdom as Vice-Chairs) took place on May 6-7, 2014 under the heading of ***“Resilient Economies and Inclusive Societies – Empowering People for Jobs and Growth”***. The Ministerial Council Statement and Chairs’ summary (<http://www.oecd.org/mcm/>) released after the MCM recognise the economic and social dangers of rising inequality. Despite this and a positive recognition of the need *“to achieve inclusive growth by providing social protection and empowerment to people”*, the broad thrust of policy recommendations remain *“responsible fiscal policies (and) further structural reforms”* which have become codes for austerity and labour market de-regulation. TUAC had put *“inequality”* as one of its priorities in its statements and interventions in the lead up to the OECD week. This was reflected in many of the sessions at the OECD Forum. However, without a shift of policies beyond those set out in the MCM statement, inequality will continue to increase.
2. The insistence on *“further”* structural reforms in the Economic Outlook (<http://www.oecd.org/economy/outlook/economicoutlook.htm>), released at the opening of the MCM, and in the final Council Statement will do little to boost consumption and aggregate demand and help break out of the current economic stagnation. As TUAC President Richard Trumka said during his OECD Forum panel discussion, these policy prescriptions are contradictory to the OECD self-proclaimed focus on creating inclusive societies.
3. The Economic Outlook and the MCM statement present no new direction for policy. A bulk of households remains without a political answer as to why they are most scarred by the crisis and austerity measures. There seems to be little reflection on policy failures stemming from fiscal consolidation. Meanwhile, the released economic projections show that growth is still too low to begin to reduce unemployment across the OECD. Another significant risk identified in the Outlook is a possible deflation in the Eurozone, for which it urges more relaxing of monetary policy.

4. The main economic and social risk, the still rising or stagnant unemployment remains largely unaddressed: 7.5 % in the whole OECD Area (7.2 % in 2015), 11.7 % in the Euro area (11.4 % in 2015) and 3.8 % in Japan (3.7 % in 2015), with only a significant decrease in the United States to 6.5 % in 2014 and projected 6.0 % in 2015. To lift people, and especially young people, out of unemployment, a revision of the 2006 OECD Jobs Strategy would be pertinent. It should incorporate inclusivity and quality jobs, which entails better social security and protection systems, fairer and more progressive taxation to promote purchasing power and overall, more equality when it comes to wages and gender balances.

7. On other issues, TUAC welcomes that 60 countries adopted the Automatic Exchange of Information Tax agreement (<http://www.oecd.org/mcm/MCM-2014-Declaration-Tax.pdf>) as a step towards a fairer taxation system. However, more work needs to be done to achieve full transparency over beneficial ownership of certain investment vehicles such as trust funds, and to ensure that developing countries can effectively observe the standards and participate in the scheme. This can be encouraged through active support for institutional capacity building.

8. The OECD Ministerial Statement on Climate Change (<http://www.oecd.org/mcm/MCM-2014-Statement-Climate-Change.pdf>) and commitment to work towards the Lima and Paris conferences is important. This has to be built upon to develop support for a binding agreement in Paris at the end of 2015. This will require OECD members to scrutinize and encourage national emission reductions and climate finance contributions in the upcoming months.

9. On responsible investment and business conduct, the update of the Policy Framework for Investment (PFI) by the next Ministerial meeting must mainstream the implementation of the OECD Guidelines on Multinational Enterprises. The performance of National Contact Points has to be raised. The Guidelines should also be promoted in the framework of the OECD South-East Asia Programme and in future work on Global Value Chains (GVCs).

10. The focus on Trade at the MCM did not bring any new elements and reiterated the support for less protectionism and a strengthened multilateral trading system. Tragedies in Cambodia or Bangladesh must bring a social dimension to this policy area. The OECD work on GVCs therefore has to focus on identifying social upgrading strategies and policies to ensure the respect of international labour standards and good working conditions. There is also clear need for more coherence between the OECD focus and broader investment arrangements.

11. The reference to linking up development cooperation to the post-2015 process and the commitment to *“help partner countries overcome their policy challenges, including a ‘middle-income trap’”* are necessary steps forward. During the MCM, TUAC insisted on the need to ensure greater social cohesion in developing and middle-income countries, on the

fact that private sector investment is not a substitute for aid flows, and on strengthening oversight mechanisms, as well as principles on labour standards and Private Public Partnerships.

12. Lastly, the final Synthesis Report of the NAEC results (<http://www.oecd.org/mcm/C-MIN%282014%292-ENG.pdf>) will be presented at the MCM in 2015. Given the inequality numbers and reports released by the OECD itself prior to the meeting, these aspects should be fully reflected in the report. It is welcome that NAEC recommendations are supposed to be mainstreamed *“into OECD activities [...] to provide the best policy mix, bearing in mind trade-offs and complementarities among different policy choices as well as the importance of our stocks of economic, human, social and natural capital.”* In this respect and in view of its own working targets, the TUAC will closely follow the NAEC work on inequality and financial reforms, as well as on the OECD Youth Action Plan, the work on climate change, accountability in development cooperation and GVCs and responsible investment chains.