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C/M(2005)10/PROV



Organisation de Coopération et de Développement Economiques
Organisation for Economic Co-operation and Development

10-May-2005

English/French

COUNCIL

Council

SUMMARY RECORD OF THE 1111th SESSION

**held at the Headquarters of the Organisation in Paris,
on Thursday 28 April 2005**

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109. ADOPTION OF THE DRAFT AGENDA

THE COUNCIL

adopted the draft Agenda for its 1111th session [C/A(2005)10/PROV].

**110. APPROVAL OF THE SUMMARY RECORDS
OF THE 1086th and 1110th SESSIONS**

THE COUNCIL

approved the Summary Records of its 1086th and 1110th sessions
[C/M(2004)12/PART1 & PART2/PROV and C/M(2005)9/PROV].

**111. REPORT BY THE CHAIR OF THE BUDGET
COMMITTEE ON THE BUDGET OUTTURN FOR
THE FINANCIAL YEAR 2004**

THE COUNCIL

- a) noted the report by the Chair of the Budget Committee [for reference: see EXD/BC(2005)6];
- b) noted the comments by Members of the Council and the Secretariat.

**112. DRAFT RECOMMENDATION ON GUIDELINES
FOR INSURERS' GOVERNANCE**

THE COUNCIL

- a) noted document C(2005)45;
- b) adopted the draft *Recommendation on Guidelines for Insurers' Governance* set out in Appendix I to document C(2005)45, and agreed to its declassification.

**113. DRAFT RECOMMENDATION ON GUIDELINES
FOR PENSION FUND GOVERNANCE**

THE COUNCIL

- a) noted document C(2005)46;
- b) adopted the draft *Recommendation on Guidelines for Pension Funds Governance* set out in Appendix I to document C(2005)46, and agreed to its declassification.

**114. DRAFT RECOMMENDATION ON GUIDELINES ON
CORPORATE GOVERNANCE OF STATE OWNED
ENTERPRISES**

THE COUNCIL

- a) noted document C(2005)47;
- b) adopted the draft *Recommendation on OECD Guidelines on the Corporate Governance of State-Owned Enterprises* set out in the Appendix to document C(2005)47, and agreed to its declassification.

**115. DRAFT GUIDING PRINCIPLES FOR
REGULATORY QUALITY AND PERFORMANCE**

THE COUNCIL

- a) noted the document C(2005)52 and its CORR1;
- b) endorsed the Guiding Principles for Regulatory Quality and Performance set out in the Annex to document C(2005)52 and CORR1, and agreed to their declassification.

**116. OECD SITE PROJECT: DESIGNATION OF
SUPPLIER FOR THE HEATING SYSTEM**

THE COUNCIL

- a) noted document C(2005)39;
- b) approved the selection of the *Compagnie Parisienne de Chauffage Urbain* (CPCU) as the supplier of heating to the La Muette site, as set out in document C(2005)39, and authorised the Secretary-General to sign a contract for a period of nine years with the CPCU for this purpose.

**117. SOUTH AFRICA: PARTICIPATION IN THE OECD
WORKING GROUP ON BRIBERY IN
INTERNATIONAL BUSINESS TRANSACTIONS**

THE COUNCIL

- a) noted document C(2005)37;
- b) based on the Council conclusions of 3 February 2004 [C(2004)1 and CORR1, C/M(2004)2], invited South Africa to:
 - i) adhere, with the same rights and obligations as Member countries, to the 1997 Revised Recommendation of the Council on Combating Bribery [C(97)123/FINAL], the 1996 Recommendation on the Tax Deductibility of Bribes of Foreign Public Officials of 1996 [C(96)27/FINAL] and any subsequent amendment or revision thereto;
 - ii) become a full participant, on the same basis as Member countries, in the Working Group on Bribery in International Business Transactions and to contribute financially to such activities in conformity with the terms and conditions set out by the Council;

- c) requested the Secretary-General to take the necessary measures to carry out the above invitation on the basis of the terms and conditions set out in paragraph 13 of C(2005)37.

118. SOUTH AFRICA: REQUEST TO PARTICIPATE AS AN OBSERVER IN THE EMPLOYMENT, LABOUR AND SOCIAL AFFAIRS COMMITTEE

THE COUNCIL

- a) noted document C(2005)43;
- b) invited the Employment, Labour and Social Affairs Committee to provide to Council its recommendation on South Africa's request to participate as an observer in the Committee, in light of the Committee's outreach strategy and in accordance with the relevant provisions of the Resolution of the Council C(2004)132/FINAL.

119. MALAYSIA: REQUEST TO PARTICIPATE AS AN OBSERVER IN SEVERAL OECD SUBSIDIARY BODIES

THE COUNCIL

- a) noted document C(2005)44 and CORR1;
- b) invited the Economic Policy Committee, Economic and Development Review Committee, Development Assistance Committee, Trade Committee, Investment Committee and its Working Party via the Investment Committee; the Competition Committee; the Joint Group on Trade and Competition via the Competition Committee and the Trade Committee; the Committee on Industry and Business Environment (CIBE) and the Working Party on SMEs and Entrepreneurship via the CIBE; and the Steel Committee to provide to Council their recommendations on Malaysia's requests to participate as an observer in these bodies, in light of the Committees' outreach strategies and in accordance with the relevant provisions of the Resolution of the Council C(2004)132/FINAL.

**120. THE DIFFERENTIATED ENGAGEMENT STRATEGY: GUIDING PRINCIPLES
REPORT BY THE CHAIR OF THE CCN**

THE COUNCIL

- a) noted document C(2005)29/REV2;
- b) noted the report by the Chair of the CCN (Room Document No. 2);
- c) noted the comments by Members of the Council;

- d) agreed to table a third version of document C(2005)29 incorporating the two documents mentioned above [C(2005)29/REV3 was circulated during the meeting];
- e) agreed to return to the subject with the agreement of all the Member countries at the appropriate time.

121. PREPARATION OF THE MINISTERIAL COUNCIL MEETING (3-4 MAY 2005) AND RELATED EVENTS

i) Enabling Development: Draft OECD Statement to the Follow-Up of the UN Millennium Declaration and Monterrey Consensus

THE COUNCIL

- a) noted document C(2005)56;
- b) noted the comments by Members of the Council;
- c) adopted¹ the Draft OECD Statement to the Follow-up of the UN Millennium Declaration and Monterrey Consensus set out in the Annex to document C(2005)56, as amended in the light of the discussion;
- d) agreed to transmit the OECD Statement [to be issued as C/MIN(2005)2] to Ministers, inviting them to welcome the Statement and to ask the Secretary-General and the Chair of the 2005 MCM to transmit it to the UN Secretary-General;
- e) agreed that the OECD Statement will be declassified at 8:00 on 4 May 2005;

ii) Proposal for a Follow-Up Study on Globalisation and Structural Adjustment

- f) noted Room Document No. 6 of 13 April 2005, document C/MIN(2005)4 and the introductory remarks by the Deputy Secretary-General Ásgeirsdóttir;
- g) noted the comments by Members of the Council;
- h) agreed to transmit document C/MIN(2005)4 as revised in the light of the discussion to Ministers, inviting them to take note of this proposed cross-directorate study on globalisation and structural adjustment and to refer it to Council at the level of Permanent Representatives for further consideration;

iii) Latest Developments

- i) noted the remarks by Deputy Secretary-General Ásgeirsdóttir concerning the draft MCM agenda and documentation (Room Document No. 5) and some

¹ Australia, Hungary, Mexico and Portugal gave their agreement *ad referendum*. Hungary confirmed its agreement on 28 April 2005; Australia, Mexico and Portugal confirmed their agreement on 29 April.

organisational aspects, including the participation of non-Members (Room Document No. 7);

- j) noted the comments by Members of the Council and the Secretary-General, in particular on the BIAC/TUAC consultations;
- k) noted that Japan announced its intention to present a proposal on “Strengthening the OECD-Africa Investment Initiative” at the MCM informal working dinner [circulated as MCM Room Document No. 3] and the comments by Members of the Council.

122. IMPROVING COUNCIL GOVERNANCE

THE COUNCIL

- a) noted document C(2005)57 and the introductory remarks by the United States;
- b) noted the comments by Members of the Council and the Secretariat (see Annex 1) and document C(2005)57/REV1 incorporating the amendments agreed in the discussion (circulated during the meeting as Room Document No. 9);
- c) agreed to take appropriate measures to ensure the sound functioning of Council meetings as soon as possible;
- d) agreed² to establish, by the end of July 2005, a mechanism (including scope, terms of reference and process) to address the governance implications of future enlargement;
- e) invited the Secretary-General, taking into account the preceding, to share with Council his vision and experience for improving the OECD and preparing the Organisation for any future enlargement;
- f) agreed to report to Ministers during the 2006 MCM.

123. PREPARATIONS FOR THE SIXTH MEETING OF THE LIAISON COMMITTEE WITH RUSSIA

THE COUNCIL

- a) noted document C(2005)35/REV2, Room Document No. 6 and the report by the Chair of the CCN;
- b) noted that the sixth meeting of the Liaison Committee between the Russian Federation and the OECD is scheduled to take place in Moscow on 20 June 2005, and agreed with the approach to the meeting set forth in document C(2005)35/REV2;
- c) requested the Secretariat to pursue its consultations with the Russian authorities

² France confirmed its agreement given *ad referendum* on 29 April 2005.

on the basis of the proposals outlined in the document, and to report regularly to the Council on the preparations for this meeting.

124. THE ECONOMIC IMPACTS OF COUNTERFEITING AND PIRACY

THE COUNCIL

- a) noted document C(2004)202/REV3 and the Statement by the Chair of the Executive Committee (Room Document No. 10, reproduced herewith as Annex 2);
- b) noted the comments by Members of the Council;
- c) noted that the activity on the economic impacts of counterfeiting and piracy is foreseen in the Organisation's Programme of Work and Budget for 2005/2006 and agreed³ with the outline of the project as set out in document C(2004)202/REV3.

125. MAKING POVERTY REDUCTION WORK: THE OECD'S ROLE IN DEVELOPMENT PARTNERSHIP

THE COUNCIL

- a) noted the Report SG(2005)2/REV2 and the introductory remarks by the Secretariat;
- b) noted the comments by Members of the Council;
- c) noted that this Report, which remains under the sole responsibility of the Secretary-General, will be further amended in the light of the discussion and that its Executive summary [SG(2005)2/REV3] will be part of the background documentation for the 2005 MCM;
- d) noted the intention of the Secretary-General to transmit the Report [see SG(2005)2/FINAL] to the UN Secretary-General along with the OECD Statement to the Follow-Up on the UN Millennium Declaration and Monterrey Consensus.

126. TASK FORCE ON COST IMPLICATIONS OF ENLARGEMENT: STATUS REPORT

THE COUNCIL

- a) noted the Status Report by the Task Force as set out in document C(2005)51 and the introductory remarks by the Chair of the Executive Committee;

³ Australia and Italy confirmed their agreement given *ad referendum* on 29 April 2005.

- b) noted the comments by Members of the Council, by Members of the Task Force and by the Secretariat;
- c) agreed to return to this question at its 7 July 2005 session, on the basis of the final report of the Task Force to be submitted to Council by the end of June 2005.

**127. OECD PENSION RESERVE FUND FIVE-YEAR
REVIEW: REPORT BY THE PENSION RESERVE
FUND COMMITTEE**

THE COUNCIL

- a) noted the presentation by the Chair of the Pension Reserve Fund on document C(2005)49 (see also Room Document No. 3);
- b) noted the comments by Members of the Council;
- c) agreed to return to this question, for decision, at its 12 May 2005 session.

**128. REPORT ON THE OUTCOME OF THE MEETING
OF THE SOCIAL AFFAIRS MINISTERS
(31 March – 1 April 2005)**

THE COUNCIL

- a) noted the report by the Secretariat on the outcome of the meeting of the Social Affairs Ministers held in Paris on 31 March – 1 April 2005 [for reference: PAC/COM/NEWS(2005)11];
- b) noted the comments by Members of the Council;
- c) agreed to return to the further work proposed by the Ministerial meeting within the framework of its deliberation on the Programme of Work and Budget.

**129. DEPARTURE OF THE PERMANENT
REPRESENTATIVE OF THE SLOVAK REPUBLIC**

THE COUNCIL

paid tribute to Ambassador Bella for the manner in which he carried out his duties as Permanent Representative, and offered him its best wishes for the future (see also Room Document No. 8).

130. OTHER BUSINESS

THE COUNCIL

i) Particular Pension Question

- a) noted the remarks by the Secretary-General (see also Room Document No. 4);
- b) noted the comments by Members of the Council;

ii) Next session: 12 May 2005

- c) approved provisionally the draft Agenda for its 1113th session, as proposed in Room Document No. 1.

ANNEX 1

IMPROVING COUNCIL GOVERNANCE

Statement by the Directorate for Legal Affairs

"Pursuant to Supplementary Protocol No. 1 to the OECD Convention and Rule 7 of the Rules of Procedure of the Organisation, the European Commission participates in the work of the Organisation and may attend the meetings of the bodies of the Organisation. Its right to participate is therefore implicit in the decision to set up a general membership mechanism to carry out this work."

ANNEX 2

THE ECONOMIC IMPACTS OF COUNTERFEITING AND PIRACY

Statement by the Chair of the Executive Committee

“At its meeting on 23rd March 2005, the Council took note of document C (2004)202/REV3 and agreed without discussion to revert to this document at today’s meeting of the Council with a view to launching the project on “The Economic Impacts of Counterfeiting”. Over the last three weeks, a number of informal consultations have taken place and have concentrated on four basic issues contained in this document:

- The financing of and reporting on the various Phases of the study;
- The scoping of Phase II and Phase III;
- The contents of the work to be undertaken in Phase III; and
- The organisation of two Global Fora

To speed up the procedure, to clarify some elements of the above issues and to avoid any lengthy consideration of drafting alternatives the following procedure is suggested:

1. Council adopts document C(2004)202/REV3 as it is; and
2. Council takes note of the following understanding which is to be considered as an authentic interpretation of document C (2004)202 REV 3 and is to be annexed to the Summary Record of this Council meeting.

Our intention in making this statement part of the official record is to help to clearly define how the project is to be conducted, and to establish the limits within which the OECD Secretariat will have to work.

Financing of and reporting on the various Phases of the study

The whole project will be financed via voluntary contributions. Each contributor should specify whether the money could be used for the entire project or whether it should only be used for the financing of a specific phase of the project. It is understood that each phase, once sufficient money has been made available, will be carried out independently of the other phase(s).

As stated in document C(2004)202/REV3, each of the Phases will be reflected in separate reports by the Secretariat to be supplemented by an overall final report covering all three Phases. In preparing these reports the Secretariat will follow standard OECD practices; i.e. interested parties, through direct contacts with the Secretariat and/or via the envisaged workshops, will be provided with an opportunity to comment on draft reports. A revised version of such reports will then be submitted to the Committee on Industry and Business Environment (CIBE) or its successor for adoption and onward transmission to Council. Like all other OECD Committees CIBE works of course on the basis of consensus. The reports will be made publicly available in accordance with OECD rules and procedures.

Scoping of Phase II and III

To scope properly Phases II and III, the Secretariat will organise two technical meetings: one

during the second half of 2005 for Phase II and one during the second half of 2006 for Phase III with experts from member governments. The composition of national delegations to such expert meetings is of course left to member governments.

Contents of the work to be undertaken in Phase III

There is consensus that the project should improve the factual understanding and awareness of the harmful effects that infringements of intellectual property rights, as described and defined in the WTO Trips Agreement, have on business and consumers, both in member countries and non-member economies. Geographical Indications (GIs) are one of the intellectual property rights covered by the TRIPS Agreement, but there is very little international agreement on the appropriate framework for the protection of GIs.

The consideration of issues is still ongoing within the WTO. In addition, there are also discussions on GIs going on in the World Intellectual Property Organization (WIPO). We all agree that this aspect of the OECD's project has to be conducted in a manner that will not prejudice discussions taking place in these other international fora. In other words, Phase III would not address issues being negotiated in the WTO (including the Doha Development Round), WIPO or other international fora. In order to meet this objective, the parameters of work on GI infringements will be developed by a group of experts, for final consideration by the CIBE or its successor.

Organisation of two Global Fora

Given the time required to undertake the whole counterfeiting and piracy project, and the wish of participants to produce tangible results as soon as possible, it is envisaged to hold two Global Fora.

The purpose of the first Global Forum to be held in 2006 is to convene all interested parties to obtain a global view on the first phase of the study on tangible products that infringe trademarks and copyrights as well as patent and design infringements. The second global forum, to be held in 2007, will draw upon the results of the first Global Forum and will consider the economic impact of infringements of all intellectual property rights.

If justified by the conclusions of the whole project, the Council will consider whether further work should be undertaken.”

ANNEX 3

PRESENT

Mr Johnston	(Président/Chairman)	
Mr Kruse		Allemagne/Germany
Mr Holborn		"
Ms Ingram		Australie/Australia
Mr Stacher		Autriche/Austria
Ms Haschka		"
Mr Van Haute		Belgique/Belgium
Ms Bourgon		Canada
Mr Dowswell		"
Mr Kwon		Corée/Korea
Mr Brückner		Danemark/Denmark
Mr Lopez-Aguilar		Espagne/Spain
Ms Morella		Etats-Unis/United States
Mr Julin		Finlande/Finland
Mr Joutsen		"
Mr Perreau		France
Ms de Matha		"
Mr Laporte		"
Mr Courakis		Grèce/Greece
Mr Zaralis		"
Mr Lotz		Hongrie/Hungary
Mr Simon		"
Mr Rowan		Irlande/Ireland
Mr Olrich		Islande/Iceland
Mr Jóhannesson		"
Mr Olivieri		Italie/Italy
Mr Kitajima		Japon/Japan
Ms Erpelding		Luxembourg
Mr Elizondo		Mexique/Mexico
Ms Storm		Norvège/Norway
Mr Lillerud		"
Mr Bendiksby		"
Mr Macey		Nouvelle-Zélande/New Zealand
Mr Verheul		Pays-Bas/Netherlands
Mr Bielawski		Pologne/Poland
Ms Kondrat		"
Mr Horta		Portugal
Mr Bella		République slovaque/Slovak Republic
Mr Sykora		"
Mr Maceška		République tchèque/Czech Republic
Mr Bambas		"
Mr Lyscom		Royaume-Uni/United Kingdom
Mr McHallam		"
Ms Andersson		Suède/Sweden
Mr Jaggi		Suisse/Switzerland

Mr Beglinger	"
Mr Özsoy	Turquie/Turkey
Ms Karakas	"
Ms Spatolisano	Commission européenne/European Commission
Mr Jeanroy	Membre du Groupe d'étude technique sur les incidences de l'élargissement en termes de coûts/Member of the Technical Task Force on Cost Implications of Enlargement
Mr Hayashi	"
Mr Weeks	Président du Comité du Fonds de réserve pour les pensions/Chair of the Pension Reserve Fund Committee
Mr Schlögl	Secrétaire général adjoint/Deputy Secretary-General
Ms Ásgeirsdóttir	Secrétaire général adjoint/Deputy Secretary-General
Mr Hutton	Directeur exécutif/Executive Director
Mr Martin	Directeur/Director, ELS
Mr Burgeat	Directeur/Director, CCNM
Mr Small	Directeur des Affaires juridiques/Director of Legal Affairs, SGE/LEG
Mr Harmel	Directeur du Secrétariat du Conseil/Director of the Council Secretariat
Ms Durand	Directeur adjoint/Deputy Director, ELS
Mr Worrel	Chef de Division/Head of Division, EXD/FIN/T
Ms Trzeciak-Duval	Chef de projet, Programme Horizontal sur la Cohérence des Politiques dans une Perspective de Développement /Project Head, Horizontal Programme on Policy Coherence for Development, SGE