

Meeting of the Council at Ministerial Level, 28-29 October 2020**CHAIR'S SUMMARY - 2020 MINISTERIAL COUNCIL MEETING****JT03469593**

*Chair's Summary of the Ministerial Council Meeting
28-29 October 2020
"The Path to Recovery: Strong, Resilient Green and Inclusive"*

1. On 28-29 October, Ministers of OECD Member countries came together virtually for the 2020 Ministerial Council Meeting (MCM) chaired by Spain, with Chile, Japan and New Zealand as Vice-chairs. The MCM's theme was "*The Path to Recovery: Strong, Resilient Green and Inclusive.*"
2. Ministers discussed their priorities for domestic recovery plans and their expectations for international co-operation in support of a strong, resilient, inclusive and sustainable recovery from the COVID-19 crisis. Ministers exchanged perspectives on how to boost economic growth and employment while seizing the opportunities of the recovery to address pre-existing challenges and trends, including inequalities, climate change and other environmental emergencies. Ministers focused on the design and implementation of recovery plans and sustainable fiscal and monetary stimuli capable of jump-starting their economies; the importance of better mainstreaming economic, social and environmental dimensions as part of a more integrated approach to the recovery agenda (including the question of measurement); and the interplay between globalisation and the recovery, including the role of trade and investment and the need to enhance the resilience of global value chains as well as to foster international economic co-operation.
3. MCM discussions built on a series of preparatory events, including three Ministerial Council Roundtables (MCRs) held on 10 June, 7 July and 14 September 2020. These MCRs have allowed for an exchange of views and experiences regarding the COVID-19 crisis and the preparation of the recovery from three complementary perspectives regarding macroeconomic policies, employment and inclusion policies, and environmental policies.
4. Members adopted a substantive Ministerial Council Statement backed by consensus, the first in three years, which presents the common priorities of Member countries for a strong, resilient, inclusive and sustainable recovery from COVID-19. The 2020 MCM Statement outlines a comprehensive perspective of the recovery, including the role of and monetary policies, the transformative potential of the digital economy, the resilience and response capacity of healthcare systems, the need to promote a jobs-rich recovery, the role of gender equality as part of a broad-based recovery, efforts to improve the measurement of economic, environmental and social dimensions, the importance of promoting cleaner and more sustainable economies, trade and investment, the supply of essential goods, global value chain resilience, the tax challenges of digitalisation, development and official development assistance, or the OECD's global outreach, among others.
5. The MCM Statement provided important mandates to the organisation to guide its future work, including (a) updating its Youth Action Plan, (b) implementing the OECD Jobs Strategy, (c) continuing efforts, on the basis of Committee reviews, to develop an indicator dashboard that may incorporate traditional economic factors such as GDP and employment as well as environmental and social dimensions related to sustainability, inclusion and well-being and (d) continuing facilitating solutions for international co-operation on tax matters.

6. In addition to the Statement, the MCM produced additional tangible outcomes. Ministers welcomed the OECD Compendium of Policy Good Practices for Quality Infrastructure Investment and adopted the Recommendation of the Council on Financial Literacy. The Secretary-General presented its Strategic Orientations and Ministers had an opportunity to react to them.

OPENING AND LEADERS' SESSION:

7. In his introduction, the Secretary-General thanked the Chair and the Vice-chairs and welcomed the Ministers. He stated that the pandemic has accelerated several trends and transformations, including digitalisation, and has underscored pre-existing structural weaknesses, notably rising inequality and climate change. To ensure a strong, resilient, green and inclusive recovery, he stressed that fighting and containing the virus should remain our top short-term priority. He emphasised that governments must continue strengthening confidence and using fiscal tools to keep economies going, support companies, workers and protect the most vulnerable. The Secretary-General underlined that strong multilateral action must match the level of ambition of national responses. International co-operation was key to develop and distribute vaccines at large; to support poorer countries and regions; to foster resilience in global value chains, and to find a consensus-based solution to the tax challenges of digitalisation by mid-2021. He stressed that OECD Members and Partners must seek to “build back better”, ensuring the recovery is strong, inclusive, sustainable and resilient. He listed various work that the OECD is undertaking to address the multifaceted issues raised by COVID-19 through the COVID-19 Digital Hub; national briefings, either at Leaders or Ministerial levels; convening three Ministerial Council Roundtables; supporting the G20 and other global fora in developing a collective response; and advancing work on resilience and innovative economic tools and methods, building on the New Approaches to Economic Challenges (NAEC) Initiative. The Secretary-General also stressed the need to reinforce efforts to reach consensus on crucial issues for the future of the Organisation, in particular enlargement and the budget of the Organisation.

8. In his keynote address, the President of the Government of Spain, Mr. Pedro Sánchez, highlighted that the importance of greater international co-operation and strong multilateral institutions to deal with the global challenges the world is facing. He stressed that governments must not also forget the lasting global challenges as climate change, the fight against poverty and the conservation of biodiversity. He advocated a change in productive model and of progress, with policies designed to guarantee a sound recovery leading to the creation of more and better jobs, and inclusive social protection and job market measures that are well aligned with the recovery plans to protect the most vulnerable groups. President Sánchez called for greater international co-operation and co-ordination in the fiscal and monetary response to enhance the resilience of global value chains and in addressing the tax challenges of the digital economy posed by the digital economy. In this context, he acknowledged the important work that the OECD is doing to support governments in the response and recovery efforts. He emphasised that the recovery presents an opportunity to make progress towards a growth pattern that is more resistant, ecological, digital and inclusive. In addition, he urged the inclusion of developing countries and a commitment to a gender perspective to ensure a more fair society. President Sánchez highlighted Spain's National Investment and Reform Plan, based on four cross-cutting pillars: green transition, digital transformation, social and territorial cohesion and the closure of the gender gap. The President and 2020 MCM Chair thanked the OECD for its work and encouraged the Organisation to continue its efforts towards the development of

the indicator that includes, together with GDP, other important dimensions of progress and standards of living related to sustainability, inclusion and well-being.

9. The Vice-Chairs, Chile, Japan and New Zealand, delivered inaugural remarks. Chile's remarks were delivered by President Sebastián Piñera, Japan's by Prime Minister Yoshihide Suga and New Zealand's by Minister David Parker on behalf of Prime Minister Jacinda Ardern. The Vice-chairs stressed the importance of looking beyond the immediate impact with a view of ensuring sustainable results. The Vice-chairs emphasised the importance of multilateral co-operation to rebuild the economy through measures focusing on a people-centred approach, ensuring open markets and resilient supply chains, tackling climate change and biodiversity loss, addressing the tax challenges in the digital economy, among others. They emphasised engagement with the OECD as a key priority for governments to share knowledge and best practices for a broad-based recovery.

10. In his remarks, the UN Secretary-General, António Guterres, called for support towards developing countries, particularly in the area of debt relief. He emphasised the need to build a future that guarantees equal rights and opportunities, accelerate the response to the climate crisis and ensure a world of net zero emissions, invest in green jobs, and build a better relationship between sciences and policy-making for effective international technology co-operation. The UN Secretary-General concluded by stating that we must emerge from the pandemic on a path of true and lasting sustainable transformation with renewed global solidarity.

BREAKOUT SESSION 1

11. Chaired by Ms. Nadia Calviño, Third Vice-president of the Spanish Government and Minister of Economic Affairs and the Digital Agenda, the breakout session on "Recovery Plans: Pursuing Sustainable Fiscal and Monetary Stimuli; Integrating Social and Environmental Dimensions for a More Sustainable, Resilient and Inclusive Future" focused on the recovery and on the way ahead. While the interventions highlighted a number of differences in circumstances, perspectives and approaches, there was agreement on many points. In particular, there was a broad consensus on the priority of sustainable and inclusive growth as well as on the need to coordinate efforts internationally to meet the global challenges generated by the crisis. In this respect, Ministers stressed that the OECD is ideally placed to help its Members and Partners come through the crisis and "build back better".

12. Speakers agreed that this unprecedented crisis has been met with an unprecedented response: governments have taken bold action to cushion the economic and social effects of COVID-19. In particular, monetary and fiscal policies have been loosened to mitigate the drop in activity and incomes, and fiscal measures were used both to direct additional resources to health sectors and to protect those hit hardest by the pandemic and measures taken to contain it. This has prevented the pandemic from triggering a much larger economic slump that would have entailed more widespread and greater hardship.

13. Speakers stressed that although the initial success of the economic policy response is evident, it is less clear what should be done next. We are still learning about the virus and cannot be sure how it will spread and how best to contain and eradicate it, or when that will happen. There is therefore great uncertainty about how long exceptional policy support will be needed. Similarly, there is uncertainty about how much reallocation of resources will be required. What is known, however, is that the initial monetary and fiscal policy responses cannot be sustained indefinitely. Governments are therefore faced with the

challenge of continuing to sustain demand while maintaining the sustainability of the public finances and facilitating the reallocation of resources that will be required by the crisis, all the while confronted by huge uncertainty. One principle articulated by many Ministers was that there was no trade-off between fighting the pandemic and supporting the economy; a failure to defeat the virus would mean greater and more long-lasting economic fallout.

14. The interventions from Ministers showed that circumstances vary widely across countries. One particular issue is that, while governments in many OECD countries are able to borrow freely at historically low interest rates, many other countries have seen their already limited market access curtailed since the onset of the pandemic. The result is that we are likely to see debt crises, especially among developing and emerging economies. Addressing this problem is just one area where we will need more international co-operation and multilateral approaches. The need for global, co-operative solutions to the global problems generated by the pandemic was another common thread to the interventions.

15. Relatedly, a number of speakers referred to the crisis response at the level of the European Union (EU). The comprehensive Recovery and Resilience Facility agreed in June was seen as instrumental to the stabilisation of financial markets, and the ability to adapt and respond quickly and with solidarity was considered to have greatly improved the prospects of recovery across the Union. Moreover, a number of speakers from EU countries expressed alignment with the main priorities of the EU recovery plan, notably the need to ensure a resilient recovery that supports the green and digital transition. Many noted that the EU's recovery funds should be channelled to the projects that are likely to have the most productive impact.

16. Another main point on which there was a broad consensus was that governments should seize the opportunity to make our economies more inclusive, sustainable and resilient. This crisis should be remembered by future generations as the catalyst that enabled our societies to advance on critical climate and environmental goals and implement the digital transition in an inclusive matter. Likewise, some participants mentioned inequalities and the need to support the most vulnerable in the response to the crisis and the recovery. This is likely to require new indicators to monitor progress towards the broader objectives that we seek, and more evidence about how policies are related to these multi-dimensional objectives.

17. Many speakers called for the OECD to build on the good work that it has already carried out, both in the general economic policy area and on multi-dimensional well-being and its major components, including inclusiveness, environmental sustainability and resilience. Advice on growth-supporting policies that facilitate a green transition and support greater well-being was suggested as an important future focus for OECD analysis. Ministers saw the Organisation as having an important role to play in developing and getting broad acceptance for the indicators and analytical approaches that will be needed to build back better. The OECD Indicator Dashboard was highlighted as an important tool in this regard. There were also numerous calls for the OECD to continue to support countries as they undertake the digital transformation, in particular as regards the implementation of digital technologies in education systems, as well as support to digitalisation in the area of employment and labour markets. The OECD's important role in addressing the tax challenges of digitalisation through the OECD/G20 Inclusive Framework on BEPS was also underlined with a view to reaching a consensus-based solution by mid-2021.

18. More generally, many ministers underlined that they continue to count on the OECD to provide its Members with the relevant data and evidence-based advice and to be a standard-setter and a forum for policy discussion, allowing countries to learn from each other.

BREAKOUT SESSION 2

19. This breakout session on “Globalisation and the Recovery: The Role of Trade and Investment; Enhancing Resilience in Global Value Chains; Fostering International Economic Co-operation” addressed the need for global co-operation to support the recovery focusing on the potential of globalisation, international trade and investment as engines of growth to support a broad-based recovery. It was chaired by Ms. Reyes Maroto Illera, Minister of Industry, Trade and Tourism of Spain.

20. Participants acknowledged that COVID-19 has placed unprecedented stress on the global economy and trade, intensifying pre-existing vulnerabilities, and has led to a rise in protectionism and unilateralism. Ministers issued a call against harmful trade practices and protectionism noting that any emerging trade measures should be temporary, proportional, and transparent. They exchanged views on how to recover pre-COVID-19 levels of trade and investment while strengthening the resilience of global value chains through greater diversification and international economic co-operation. Reference was made to the important benefits brought by free, fair and predictable trade and investment, open markets and new trade agreements, especially during times of a global crisis, paving the way for economic recovery.

21. Participants recognised that no country can fight the pandemic on its own and underlined the need for strong international co-operation in order to ensure that trade and investment boost broad-based and resilient growth, but also to help level the playing field. As trade patterns continue to change, there is a need for greater multilateral co-operation to ensure that we “build back better” and more inclusive. They also noted the importance of a stable, predictable rules-based international trading system in underpinning a strong, sustainable recovery. Calls were made to safeguard, modernise and improve the WTO which is indispensable for strengthening the rules-based, multilateral trading system.

22. Many countries underlined the importance of seizing this opportunity to put investment in the environment, low-carbon transition and climate change at the centre of green recovery strategies and also promote trade agreements that are aligned with climate and the environmental objectives, such as the trade agreement with environmental goals and services and the recent Agreement on Climate Change, Trade and Sustainability. FDI and GVCs have an important role to play in achieving an inclusive, resilient and green recovery. The urgency and the importance of multilateral rules on cross-border data flows, as well as providing conditions necessary to take advantage of digital trade, including enforcing WTO trade disciplines on e-commerce, was also highlighted in order to ensure trust in the digital economy and enable it to deliver on its potential benefits. Ministers also stressed the need to bolster trust in the international trading system and to ensure coherence between trade and other policies.

23. Calls were made to reduce policy uncertainty through regulatory transparency, by updating WTO rules for digital trade, and by ensuring the open and well-functioning global markets that will help create opportunities for supplier diversification, in particular the role played by SMEs in the recovery will be crucial.

24. As the current crisis has also put a strain on domestic and global supply chains, Ministers discussed the role of international markets and governments in securing the supply of essential goods, especially medical ones, and ensuring that global goods and services keep flowing. Likewise, participants recognised the important role that the private sector can play to strengthen the resilience of domestic and global value chains and reduce uncertainty. Some countries recognised that the pandemic could also be seen as an opportunity for governments to provide an environment that supports firms – small and big- in building more resilient and robust GVCs. Moreover, adequate competition policy is important including by identifying anti-competitive practice, strengthening co-operation between competition authorities and harmonising procedural practices. GVCs, in turn, can be an important part of building resilience, help recover trust in global trade and can speed up the recovery.

25. Ministers welcomed OECD work, its role in sharing good practices and producing well-structured analysis and data, as well as its COVID-19 dedicated digital hub. They noted the OECD plays a central role in supporting, and providing fact- and evidence-based advice to countries in their recovery plans, and in promoting a resilient, robust and rules-based trade environment. Participants highlighted that the OECD has the necessary tools to evaluate the effectiveness of measures adopted in relation to trade and investment, and to monitor and assess the impact of trade distorting measures. The OECD can also study ways to foster resilience in GVCs, create a space to define the role of governments in relation to essential goods and integrate sustainability and RBC in trade agreements. The OECD also provides a policy platform for multilateral dialogue, peer-learning and capacity building to help policymakers develop policies and common solutions and standards to promote open and fair trade and investment. Countries also called for the OECD to deepen its work on data privacy and data governance, including by developing new standards; measuring cross-border data; services trade; goods and services flows; contribute to the reform of rules-based system; trade and gender; trade and climate; the role of SMEs in trade; and disseminate OECD's expertise and standards in global and regional fora, such as G20, G7 and APEC. They also called for greater and stronger implementation of RBC principles and the OECD MNE Guidelines.

PLENARY SESSION AND CLOSING SESSION

26. The Plenary session of the 2020 OECD MCM focused on the role of national policies and international co-operation in securing a strong, resilient, green and inclusive recovery. The session was chaired by Ms. Arancha González Laya, Spain's Minister of Foreign Affairs, European Union and Cooperation. The plenary also featured remarks by Ms. Teresa Ribera, Fourth Vice-president of the Government of Spain and Minister for the Ecological Transition and Demographic Challenge, who presented the outcomes of the third MCM on the environment and presented the green recovery not only as an opportunity for decisive environmental and climate action but also as an engine of growth, jobs and investment.

27. The Secretary-General presented its Strategic Orientations. In his remarks, he presented the OECD's work to support countries with the recovery from COVID-19 to boost growth, promote resilience and inclusion and address climate change and other environmental crises. He also discussed various corporate priorities, including the organisation's budget and the enlargement process. Lastly he underlined what he identified as the key pillars that have underpinned the OECD's transformation and success in recent years. These pillars include: 1) putting people at the centre, 2) leading the promotion of a

rules-based international economy; 3) supporting Members' domestic reform agendas, 4) reinforcing multidisciplinary and openness to new research; 5) providing high-level guidance and a platform to forge consensus; 6) enhancing our global reach and relevance; 7) and strengthened communication and stakeholder engagement.

28. The plenary also included presentations on development by Deputy Secretary-General Schlagenhauf, who co-ordinates the OECD's Development Cluster, and by Ms. Mona Fortier, Minister of Middle Class Prosperity and Associate Minister of Finance of Canada on the gender dimension of the crisis and the recovery.

29. Interventions by Ministers focused on five key priorities. First, reigniting growth, activating fiscal and monetary support, and boosting competitiveness. Many Ministers also emphasised the importance of the OECD's efforts to reform the global tax architecture, including ongoing work to address the tax challenges of digitalisation.

30. Second, making trade and investment fairer, greener and more transparent. Many Ministers called for open trade and strengthened efforts to resist protectionism. The need to strengthen global supply chain resilience, particularly with respect to health goods central to the COVID-19 recovery (vaccines, technology, etc.) was a recurring theme.

31. Third, addressing structural inequalities to ensure no-one is left behind. Ministers highlighted the importance of OECD work to strengthen social protection systems. They discussed the need for a jobs-rich recovery and the importance of accelerating investments in skilling, upskilling and reskilling to support workers and ensure their mobility in a digital world. Many Ministers called for specific measures to support women, including by providing targeted social support; fostering women's entrepreneurship through access to finance, networking, and expertise; and facilitating women's economic empowerment (e.g. through affordable, high-quality and inclusive childcare). Additional support for developing countries, including through measures to boost domestic resource mobilisation, was also mentioned by some countries.

32. Fourth, securing a green recovery. Many Ministers provided examples of national measures to reduce emissions, address environmental degradation, foster sustainable ocean economies, and stop biodiversity loss. There was a general recognition that technology can help catalyse more sustainable consumption and production patterns.

33. Finally, redoubling our efforts to adapt, reform and strengthen multilateralism and the rules based global system given the interconnected challenges we face. Ministers expressed strong appreciation for the OECD's work on standards, including the ongoing Standard-Setting Review, the OECD Compendium of Policy Good Practices for Quality Infrastructure Investment, and the new Recommendation of the Council on Financial Literacy. The importance of making the OECD's standards count on a global scale was a recurring theme. Ministers noted that global efforts should be complemented by decisive action at regional, national and local levels.

34. Interventions also touched on a number of additional priorities, including addressing the challenges faced by SMEs, strengthening public sector innovation, and restoring public confidence and trust.

35. There was strong praise for the OECD's efforts to support the global COVID-19 response. In addition to the COVID-19 Digital Hub, and many expressions of satisfaction with the Ministerial Statement, Ministers commended the OECD's efforts to broaden conventional measurements of growth to reflect social cohesion, inclusion and environmental developments.

36. The Plenary session also included interventions from a number of prospective OECD Members (Brazil, Bulgaria, Croatia, Peru and Romania). Some Ministers urged the OECD to finalise the opening of the next round of accession as soon as possible, given that discussions have been stalled for more than three years.

37. In her concluding remarks, the Spanish Minister of Foreign Affairs, European Union and Cooperation summarised the discussions into five main pillars, known as the 5Gs pushing for a new model of growth; globalisation that is more fair and inclusive; a green, sustainable economy; not leaving any generation or group behind; and global governance, signifying a commitment to renewed and strengthened multilateralism. She stressed the importance of building for the future in the response to the crisis by placing the well-being of people at the very heart of the economic recovery.