

Unclassified

DIAL/MIN(99)4



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

OLIS : 28-May-1999
Dist. : 31-May-1999

PARIS

SPECIAL DIALOGUE AT MINISTERIAL LEVEL

Or. Eng.

DIAL/MIN(99)4
Unclassified

Special Dialogue at Ministerial Level with Invited Countries, 26 May 1999

Chairman's Conclusions

This Note, which was distributed without a code number on 26 May, is circulated for information.

78565

Document complet disponible sur OLIS dans son format d'origine
Complete document available on OLIS in its original format

Or. Eng.

SPECIAL DIALOGUE AT MINISTERIAL LEVEL WITH INVITED COUNTRIES

Wednesday, 26 May 1999

Chairman's Conclusions

Dear colleagues, the time has come to sum up our discussions. I will draw these conclusions under my personal responsibility.

There is an abundant crop of insightful contributions and it will not be possible to give full justice to them in a brief summing up. For reasons of clarity, I will follow the order provided by our agenda.

First, on the current world economic and financial situation, it was felt that the overall outlook for the world economy has brightened, and prospects for sustained recovery are improving in a number of invited countries. To a large extent, this stems from resolute institutional change and from strong policy responses, both macroeconomic and structural. In particular, it was also felt that confidence has returned to financial markets and capital flows are returning to emerging markets. At the same time, it was recognised that there are downside risks: complacency should be avoided and continuing efforts are needed to increase the resilience of economies to shocks by improving the quality of the economic fundamentals and by continuing with necessary structural adjustments.

One striking point that I have retained is that while situations differ considerably among countries, the policy challenges are reasonably similar in the sense that they involve the interaction between macroeconomic and structural policies. A second point I have retained is that policy interdependence has become a reality. It was rightly underlined that the time when OECD countries could manage the world economy alone has passed. Economic and financial developments over the past two years in Member and non-Member countries have demonstrated that economic interdependence reaches well beyond OECD's present membership. Putting it somewhat more bluntly, we are "in the same boat". This being said, the challenges of economic and social progress in several countries, where despite much improvement many millions of people have not reached the conditions for a decent life, are and must remain a dominant concern for all our governments. In this regard, it was underlined that ODA has been falling at a time when some non-Members have difficulties attracting private capital or accessing export markets.

Second and perhaps most importantly, I will now turn to the key policy challenges related to the integration of national economies into the world economy. For a long time, multilateral diplomacy has focussed on the importance of the external economic environment for national performance. Today, we have focused on an equally important aspect of integration: we have recognised that, as experience has amply demonstrated, in order to be successful, openness must be supported by a coherent set of domestic institutional, legal and policy frameworks which are necessary to strengthen the economy's capacity to adjust to change brought on by market developments and technological progress. Moreover, with growing global interdependence, other trading and investment partners also have a major stake in the success of such domestic policies.

It was generally agreed that there are some basic policy requirements which need to be satisfied in order to reap fully the benefits of integration and enhance resilience to shocks. The following requirements were highlighted: the rule of law, both formal law and informal norms of behaviour as well as the importance of their enforcement; corporate governance; competition policy; anti-corruption measures; good public governance; regulatory reform, social safety nets and the pursuit of sustainable development. While these requirements are valid for all countries, they may differ in intensity and sequencing according to country circumstances and institutional development. In other words, one should not think in terms of “one size fits all”. The Chair believes that in the framework of the OECD’s co-operation programmes there are huge opportunities to deepen the exchange of policy experiences among our officials and there is wide scope for the invited countries to find effective ways to use the rich and varied assets of the Organisation in these policy areas.

Third, the sharpened awareness of policy interdependence has also permeated our discussions on how to reap and share the full benefits of trade and investment liberalisation. The importance to all countries of a properly functioning international market with multilaterally agreed principles and rules has been recognised. There can be no “stand-still” on the multilateral trading system which needs to be constantly updated and improved.

There was widespread agreement that a key challenge for our governments is to promote public understanding of and support for reform and for trade and investment liberalisation. It was however recognised that this is a complex task despite the strong evidence of benefits of liberalisation, and it will be essential for our governments to respond to the legitimate concerns of our people over the adjustment costs that may be associated with greater market openness.

Our meeting took place at a time when many countries are preparing for launching a new Round of multilateral trade negotiations. The basic importance of widely sharing the benefits of trade and investment liberalisation has been fully recognised. Mutual interests in further liberalisation have been highlighted in a number of areas: such as agricultural products, steel and services, with a cautious word against overburdening the agenda with non-trade issues. The benefits of expanding WTO membership were underlined. The road to reaping and sharing the full benefits of trade and investment liberalisation is likely to be steep and arduous. But the Chair will leave this meeting with the conviction that it has fostered mutual understanding on which future multilateral agreements can build.

We can look back at this Special Dialogue with great satisfaction. This Ministerial encounter was a historic moment for the OECD. It expands the horizons of this great Organisation at a time when globalisation has become irreversible and dialogue between OECD Members and non-Members has become essential to tackle common problems.. For my part, I am proud and honoured that Mexico was able to contribute to strengthening our shared interest in dialogue and partnership.

Today, the OECD way has worked well as it always does. We have exchanged views and experiences in a broad range of policy areas at both national and international levels. We have learned from each other and, through a better understanding of our social and political concerns, we can continue our joint search to strengthen the capacity of our economies and societies to adjust to change and prosper. I think that we can all be pleased that we have a common house, the OECD, where our officials will continue and deepen what we have done today in a spirit of co-operation. And why not? We can also say that Dialogue is becoming a new instrument of co-operation.

This ends my summary of our discussions. I would like to underline that these are my personal conclusions which do not engage the participants. In the afternoon, I intend to convey the outcome of our discussions to the Meeting of the OECD Council at Ministerial Level. This will be again done under my personal responsibility.