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**TUAC EVALUATION OF THE COMMUNIQUE OF THE MEETING OF  
THE OECD COUNCIL AT MINISTERIAL LEVEL, 26-27 MAY 1999**

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**COMMUNIQUE OF THE MEETING  
OF THE OECD COUNCIL AT MINISTERIAL LEVEL**

**26-27 May 1999**

**EVALUATION  
By the TUAC Secretariat**

**Overview**

1. The 1999 OECD Ministerial Council was chaired by the Mexican Finance Minister (Vice-Chairs: Italy and Poland). The agenda covered six areas: - economic perspectives and policy requirements; the multilateral system and a new WTO round; governance issues; OECD relations with non-Members; South East Europe; and Development. The meeting was dominated by discussions on the economic outlook and the agenda (including labour standards and investment) for the November 1999 WTO Ministerial meeting in Seattle.
2. Building on last year's initiative Donald Johnston, OECD Secretary-General, organised more extensive consultations with the social partners than in past years. This took the form of a working dinner with key Ministers and certain Heads of OECD Directorates on the eve of the Ministerial meeting in addition to joint TUAC/BIAC consultations with Ministers.
3. The Ministerial meeting was preceded by a half day "Special Dialogue" meeting with selected non-Member countries (Argentina, Brazil, China, India, Indonesia, Russia, Slovakia and South Africa). In co-operation with the ICFTU, TUAC included the General Secretary of National Council of Trade Unions of South Africa in the trade union delegation. He intervened actively in the consultations.

**Outcome of the OECD Ministerial Council meeting**

4. The Communiqué issued at the end of the meeting highlighted the emerging agenda on the need for governance of global markets, even if the policies themselves have yet to fully reflect the changed realities stemming from the latest crises of globalisation. Compared to previous years, Ministers gave more emphasis to the need for "*stronger and more balanced growth*" among the main OECD regions, given the unsatisfactory growth performance of both the OECD area and the world economy in general. Though falling short of meeting the trade union demand for an International Commission to develop new architecture governing global financial markets, Ministers stated the need to maintain the *momentum to strengthen the international financial architecture* to "ensure a stable environment for growth and recovery". With regard to the *OECD Jobs Strategy* Ministers referred to the need for a "comprehensive and sustained package of reforms consistent with the Jobs Strategy". A number of interventions indicated the need to adopt new strategies to upgrade skills against the background of the acceleration of technological change.

5. Ministers were split on the agenda for the forthcoming *WTO Seattle Ministerial* meeting, and fear that they are losing the public debate on the effects of globalisation. On the one hand the Communiqué endorsed the need for a new round of trade negotiations to be completed “preferably in three years” on the basis that nothing is agreed until all is agreed, and that the needs of developing countries had to be accounted for. On the other hand, major disagreements emerged around the inclusion of new issues in the round, that go much beyond the “inbuilt agenda”. There was agreement on the need to expand government procurement, and importantly that future trade negotiations have to take account of environmental issues. However, as regards *investment* Ministers removed earlier references to shifting investment discussions to the WTO. Agreed language simply referred to the “constructive” work of the WTO Trade and Investment work programme, and its use in building a consensus on “appropriate recommendations” for the Seattle meeting. Because of this all references to future OECD work on investment fell, including the statement that the Review of the OECD Guidelines for Multinational Enterprises represents “a high priority for the Organisation”. As concerns competition policy and the new round, the outcome was the same as that for investment.

6. The fault line deepened across the OECD on questions relating to how the Seattle agenda should deal with *core labour rights*. In the debate on this issue a clear majority of Ministers supported the need for the WTO to address core labour rights. However, a minority of governments led by Mexico in the Chair succeeded in blocking this. TUAC’s objective had been to achieve the treatment of labour standards in the same way as environment in the communiqué, i.e. appropriate account being taken of environmental issues in future trade negotiations. This was not achieved. However, the final language does provide a platform for further work. It repeats some elements of the conclusions of the 1996 Singapore Ministerial, alongside Ministers welcoming the work of the ILO to promote the 1998 Declaration, and supporting co-operation between the ILO, WTO and OECD Secretariats in this area. They “stressed the importance of facilitating a broader understanding of the issues concerned in and among Member countries”. The last point is an oblique reference to the forthcoming work by the OECD to up-date the 1996 Report on Trade, Employment and labour Standards. Ministers also “recognised that promoting respect for labour rights and trade and investment liberalisation, together with good governance, each contribute to better overall living standards”.

7. The differences of view on Seattle, and not just on labour standards, are significant. For example, with expressed opposition by a number of developing countries for the inclusion of investment in the WTO, and no consensus across the OECD, the chances that Seattle will see the launch of negotiations on a new multilateral agreement on investment are receding. The fact that a majority of OECD governments spoke in favour of the labour standards linkage shows some progress. The rhetoric of some Ministers that linking trade and labour standards is somehow protectionist was reported as sounding increasingly hollow. Furthermore, the call by Ministers for “active and constructive communication and consultation with civil society” on the “benefits and challenges of liberalisation”, is a further recognition that global markets have to be given a social dimension.

8. The *governance* theme was taken further as “an essential element in strengthening pluralistic democracy and promoting sustainable development”. On this, Ministers requested the OECD to elaborate an initiative around “good governance”, including its work on public sector management, anti-bribery, regulatory reform, corporate governance, ethical principles in public life, local and regional administrations, and ongoing work on indicators of global progress on governance. Ministers endorsed the OECD Principles on Corporate Governance that include a chapter covering stakeholders. In a separate development the OECD and World Bank agreed to set up a joint Corporate Governance Forum, and enhanced structures for regional and national policy dialogue and development, including a new Private Sector Advisory Group. The TUAC Secretariat will seek to ensure that this work both includes a social dimension, and an institutional input for trade unions within the new structures on corporate governance.