

---

The Parliament of the Commonwealth of Australia

**Report of the Australian Parliamentary Delegation to the**

Parliamentary Assembly of the  
Council of Europe, Strasbourg,  
and the 57th Annual Session of  
the NATO Parliamentary  
Assembly, Bucharest

3-9 October 2011

February 2012  
Canberra

---


© Commonwealth of Australia 2012

ISBN 978-0-642-79637-0



# Contents

Membership of the Delegation.....	iv
<b>Introduction .....</b>	<b>1</b>
Aims and Objectives .....	1
Acknowledgments .....	2
<b>The Council of Europe.....</b>	<b>5</b>
Background.....	5
The Delegation's Program .....	7
<b>The NATO Parliamentary Assembly.....</b>	<b>11</b>
Background.....	11
The Delegation's Program .....	15
<b>Appendix A .....</b>	<b>21</b>
Delegation program .....	21
<b>Appendix B .....</b>	<b>23</b>
Membership of the Council of Europe and the NATO Parliamentary Assembly.....	23
<b>Appendix C .....</b>	<b>27</b>
Resolution adopted at the Parliamentary Assembly of the Council of Europe.....	27
Address to the Parliamentary Assembly of the Council of Europe by the Secretary General of the OECD.....	36



## Membership of the Delegation

Leader	Mr Nick Champion MP (Australian Labor Party) Member for Wakefield (South Australia)
Deputy Leader	Mr Luke Simpkins MP (Liberal Party of Australia) Member for Cowan (Western Australia)
Secretary	Mr Richard Selth Table Office, House of Representatives

## Introduction

- 1.1 This report gives an account of the attendance of a delegation from the Parliament of Australia at the Parliamentary Assembly of the Council of Europe in Strasbourg, France from 4 to 5 October 2011, and the 57th Annual Session of the NATO Parliamentary Assembly in Bucharest, Romania from 7 to 9 October 2011.
- 1.2 Chapter 2 reports on the Delegation's participation in deliberations of the Parliamentary Assembly of the Council of Europe in Strasbourg.
- 1.3 Chapter 3 reports on the proceedings of the NATO Parliamentary Assembly in Bucharest. In 2009 Australia sent a delegation to the Assembly for the first time since 1990, and following the success of that visit the Delegation recommended that a delegation attend subsequent Assemblies every second year.
- 1.4 The membership of the 2011 Delegation is listed at p. iv of this report and the Delegation's program is included as Appendix A. Membership of the Parliamentary Assembly of the Council of Europe and the NATO Parliamentary Assembly, and resolutions and addresses are included in Appendices B and C.

## Aims and objectives of the Delegation

- 1.5 The Delegation's objectives for its visit were:
  - To observe the Parliamentary Assembly of the Council of Europe;
  - To gain an understanding of the role and responsibilities and priorities of the Parliamentary Assembly of the Council of Europe;

- To participate in discussions and debate of the annual report of the OECD;
  - To observe the 57<sup>th</sup> NATO Parliamentary Assembly Session;
  - To gain an understanding of the role and responsibilities and priorities of the NATO Parliamentary Assembly, and renew and strengthen ties with the Assembly; and
  - To exchange views with NATO Parliamentary Assembly colleagues and be briefed on matters related to foreign affairs, defence and security, including the ISAF operation in Afghanistan.
- 1.6 These objectives were met. In a very condensed program Delegation members had the opportunity to inform themselves about matters relating to the economic situation in Europe and internationally, and recent developments in relation to the changing role of NATO and issues facing the alliance in a range of areas.
- 1.7 The delegation was pleased to represent the Australian Parliament at the Parliamentary Assembly of the Council of Europe and the NATO Parliamentary Assembly. The visit was interesting and informative, providing members with the opportunity to gain a greater understanding of issues with which Australia has a significant involvement and to exchange views with parliamentary colleagues from a range of European and NATO member countries.

## **Acknowledgments**

- 1.8 The Delegation wishes to express its appreciation of the efforts of all those who contributed to the success of its visit. In particular, the Delegation wishes to acknowledge the following contributions:

### **Canberra**

- 1.9 The Delegation received oral and written briefings from officers of the Department of Foreign Affairs and Trade prior to its departure. The Delegation wishes to record its thanks to all staff who contributed to these briefings and assisted with administrative arrangements for the visit.
- 1.10 The Delegation wishes to thank the staff of the Parliament's International and Community Relations Office, in particular Mr Paul Jeanroy, for their administrative assistance prior to departure.

## France

- 1.11 The Delegation wishes to thank Ms Joanne Frederiksen, Deputy Permanent Representative of Australia to the OECD, for her assistance during its participation in the Parliamentary Assembly of the Council of Europe.

## Romania

- 1.12 The Delegation thanks Mr George Prelea, Australian Honorary Consul in Bucharest, Romania, for his valuable assistance with a range of matters.





## The Council of Europe

### Background

- 2.1 The Council of Europe was formed in 1949 by ten countries and currently has 47 member countries, covering most of the European continent. It is an entirely separate body from the European Union (EU), which has only 27 member states, and unlike the EU cannot make binding laws. Based in Strasbourg, France, its objectives are:
- to protect human rights, pluralist democracy and the rule of law;
  - to promote awareness and encourage the development of Europe's cultural identity and diversity;
  - to find common solutions to the challenges facing European society; and
  - to consolidate democratic stability in Europe by backing political, legislative and constitutional reform.
- 2.2 The Council is composed of a Committee of Ministers (the Ministers of Foreign Affairs, usually meeting at the level of their deputies) and the Parliamentary Assembly, representing the political forces in its member states.
- 2.3 The Council believes that human rights, democracy and the rule of law are the foundations of a tolerant and civilised society and indispensable for European stability, economic growth and social cohesion. On the basis of these values, the Council tries to find shared solutions to major problems such as terrorism, organised crime and corruption, cybercrime,

bioethics and cloning, violence against children and women, and trafficking in human beings. Co-operation between member states is seen as the only way to solve the major problems facing society.

## Parliamentary Assembly of the Council of Europe

- 2.4 The Parliamentary Assembly of the Council of Europe (PACE) is the deliberative body of the Council of Europe and is the oldest international parliamentary assembly established on the basis of an intergovernmental treaty with a pluralistic composition of democratically elected members of parliament. It held its first session on 10 August 1949.
- 2.5 The Assembly is composed of 318 representatives, and the same number of substitutes, appointed by the 47 member states' national parliaments. Each country, depending on its population, has between two and eighteen representatives, who provide a balanced reflection of the political forces represented in their national parliaments. The members of the Assembly represent 800 million people.
- 2.6 PACE meets four times a year for a week-long plenary session in the Palais de l'Europe in Strasbourg. Since 1949, PACE has been behind many of the Council's major initiatives, such as the European Convention on Human Rights. It must be consulted about all international treaties drawn up at the Council of Europe. It elects the judges of the European Court of Human Rights and the Commissioner for Human Rights. It also serves as a parliamentary platform for the OECD.
- 2.7 The Assembly's work is prepared by ten committees and a Bureau comprising the President of the Assembly, the twenty Vice-Presidents, the chairs of the five political groups and the committee Chairpersons. The Assembly adopts three types of texts: recommendations (to the Committee of Ministers), resolutions (which express its own viewpoint) and opinions (on membership applications, draft treaties and other texts submitted by the Committee of Ministers).
- 2.8 PACE provides a forum for parliamentarians from all OECD member countries to hold a yearly debate on the activities of the OECD. The Committee on Economic Affairs and Development of PACE prepares an annual report on the activities of the OECD, which is debated in the Assembly following a presentation by the Secretary-General of the OECD.
- 2.9 In 1991 the Assembly modified its rules and procedures to allow for the full participation in this debate of parliamentary delegations from OECD member countries that are not members of the Council of Europe. It was principally to participate in the Committee on Economic Affairs and

Development's consideration of the draft report and the Assembly's debate on the report that the Delegation attended the Parliamentary Assembly.

## The Delegation's Program

2.10 The Delegation arrived in Strasbourg on 3 October and was briefed by Ms Joanne Frederiksen, Deputy Permanent Representative of Australia to the OECD. On 4-5 October the Delegation attended committee meetings and plenary sessions of the Parliamentary Assembly. The Delegation also had a meeting with the Secretary-General of the OECD.

### Enlarged Committee on Economic Affairs and Development

2.11 On 4 October the Enlarged Committee on Economic Affairs and Development considered the activities of the OECD in the previous year and agreed on a draft resolution to be presented to the Assembly. Delegation Members participated in discussion of the proposed resolution and of amendments proposed to it, including an amendment proposed by Australia.

2.12 In the evening the Chair of the Committee, Ms Hermineh Naghdalyan, a Member of the National Assembly of Armenia, hosted a dinner for the delegates from OECD countries not members of the Council of Europe.

### Plenary session of the Parliamentary Assembly of the Council of Europe

2.13 Delegation Members attended as observers the plenary session of the Assembly considering the report of the Political Affairs Committee on the request of the Palestinian National Council for 'Partner for Democracy' status.

2.14 In June this year the Parliament of Morocco became the first to be granted the new status, which is intended for parliaments from regions neighbouring the Council of Europe who wish to benefit from the Assembly's experience of democracy-building and to debate common challenges.

2.15 Following debate the Assembly agreed to the request. A delegation of Palestinian elected representatives will be able to speak in the Assembly and most of its committees, and propose subjects for debate, but not vote. In return, the Palestinian National Council has pledged to pursue the values upheld by the Council of Europe, hold free and fair elections and work towards abolishing the death penalty, among other commitments.

**Committee on Culture, Science and Education, Sub-Committee on the Media**

- 2.16 The Delegation attended by invitation a meeting of the Committee on Culture, Science and Education's Sub-Committee on the Media.
- 2.17 The Sub-Committee heard an address by Mr Thomas Hammarberg, Council of Europe Commissioner for Human Rights, on the need for pluralism in the media and transparency in media ownership. The 2011 winners of the European Youth Media Award, from Spain, Moldova, Slovenia and Hungary, were then presented with their awards and held an exchange of views with the Sub-Committee.
- 2.18 Mrs Maud de Boer-Buquicchio, Deputy Secretary General of the Council of Europe addressed the Sub-Committee on the protection of privacy and personal data on the internet and online media. The Sub-Committee considered a draft resolution on the issue and Delegation members contributed to the discussion, providing an outline of the Australian privacy framework and recent developments. The resolution was subsequently adopted by the plenary session of the Assembly.
- 2.19 The Sub-Committee then had an exchange of views with Mr Manuel Lezertua, Director of Legal Advice and Public International Law, Council of Europe, on the European Convention on Transfrontier Television.

**Plenary session of the Parliamentary Assembly of the Council of Europe**

- 2.20 On 5 October the Delegation participated in the debate on the report of the Committee on Economic Affairs and Development on the activities of the OECD. Before the debate the Secretary-General of the OECD, Mr Angel Gurría, addressed the Assembly.
- 2.21 Mr Gurría noted that in the aftermath of the global financial crisis policy makers faced significant challenges: to maintain recovery, reduce deficits, bring down debt to GDP ratios, reduce unemployment and increase productivity and competitiveness. He emphasised the need for cooperation and noted the extent of expectations held of international organisations such as the G20.
- 2.22 In the context of the global financial crisis but also more generally, Mr Gurría focussed on the challenges of unemployment, particularly youth unemployment, the shift from the concept of lifelong employment to lifelong employability, the skills shortage, growing inequality between rich and poor and the potential of green growth.

- 2.23 Following the debate the Assembly adopted the report of the Enlarged Committee on Economic Affairs and Development, as amended. The report and Mr Gurria's address are reprinted in Appendix C of this report.

#### Meeting with Mr Angel Gurría, Secretary-General of the OECD

- 2.24 Following the debate in the Assembly the Delegation met with the Secretary-General of the OECD. The global financial crisis was discussed and the position of the Australian economy in the international context. The Secretary-General noted that Australia had taken difficult decisions in the face of the financial crisis but that the Australian economy remained exposed to commodity demand.

#### Conclusions

- 2.25 The Delegation appreciated the opportunity to hear the views of European parliamentary colleagues on the European and international financial situation. Members also valued the opportunity to discuss the issues with the Secretary-General of the OECD. The meetings confirmed the view that Australia has weathered the crisis very well so far but that many challenges remain ahead.



## The NATO Parliamentary Assembly

### Background

3.1 The North Atlantic Treaty Organization is an alliance of 28 countries from North America and Europe committed to protecting the security of member countries. It also provides a forum for members to consult on security issues of common concern and consider joint actions in addressing them. Twenty-one European Union (EU) member states are also members of NATO. The seven non-EU NATO members are: the United States, Canada, Norway, Turkey, Iceland, Croatia and Albania. NATO-led forces are currently or have been recently contributing to efforts to bring stability to Afghanistan, Iraq, Kosovo and Libya.

### Australia's relationship with NATO

3.2 Australia is a 'Contact Country' of NATO, along with the Republic of Korea, Japan and New Zealand. Contact Countries share similar strategic concepts and key Alliance values. (More recently, the term 'other partners across the globe' is also being used.) The levels of engagement between NATO and Contact Countries are different from formal engagements NATO has established through various initiatives with partner countries, such as the Euro-Atlantic Partnership Council, the Partnership for Peace, the Mediterranean Dialogue and the Istanbul Cooperation Initiative.

3.3 Australia's relations with NATO have expanded considerably since the deployment of Australian forces in Afghanistan under the NATO-led ISAF mission. Australia engages closely with NATO and non-NATO ISAF

partners on the planning and implementation of the civil-military strategy for Afghanistan.

- 3.4 Australia is the largest non-NATO contributor to Afghanistan and a key contributor to ISAF. Australia's commitment is focussed on training and mentoring the Afghan National Army 4th Brigade in Uruzgan Province to assume responsibility for security in the province. The Special Operations Task Group operates to disrupt insurgent operations and supply routes. Australia also works closely with NATO contributors through our leadership of the Provincial Reconstruction Team in Uruzgan.
- 3.5 Despite closer relations Australia has not sought membership of NATO but maintains a relationship that allows effective cooperation where mutual interests align. In January 2012 Australia upgraded its relationship with NATO by appointing its first Ambassador to NATO, Dr Brendan Nelson. There have been a number of high-level contacts between Australia and NATO in recent years and Australia participates in a number of NATO Working Groups for developing best practice in areas such as logistics, military communications and information systems compatibility.
- 3.6 Australia has welcomed the new NATO Strategic Concept, released in November 2010, which includes acknowledgement of the importance of working with partners such as Australia. Australia also has substantial bilateral defence relationships with key NATO members.

### **The NATO Parliamentary Assembly**

- 3.7 The NATO Parliamentary Assembly serves as the consultative inter-parliamentary organisation for the North Atlantic Alliance. It brings together legislators from NATO member countries to consider security-related issues of common interest and concern.
- 3.8 Following the creation of NATO in 1949, an annual conference of NATO parliamentarians was established in 1955. The Assembly provides an essential link between NATO and the parliaments of its member nations. The Secretary General of NATO provides a response to all Assembly recommendations and resolutions adopted in plenary sessions.
- 3.9 The Assembly provides a forum for international parliamentary dialogue on a range of security, political and economic matters. Its principal objective is to foster mutual understanding among Alliance parliamentarians of the key security challenges facing the transatlantic partnership. Further objectives are:



- to foster dialogue among parliamentarians on major security issues;
- to facilitate parliamentary awareness and understanding of key security issues and Alliance policies;
- to provide NATO and its member governments with an indication of collective parliamentary opinion;
- to provide greater transparency of NATO policies, and thereby a degree of collective accountability; and
- to strengthen the transatlantic relationship.

3.10 Since the end of the Cold War the Assembly has assumed a new role by integrating into its work parliamentarians from countries in Central and Eastern Europe and beyond who seek a closer association with NATO. This integration has provided both political and practical assistance and has contributed to the strengthening of parliamentary democracy in the Euro-Atlantic region, complementing and reinforcing NATO's own program of partnership and co-operation.

3.11 Since 1989, the following objectives have been added:

- to assist in the development of parliamentary democracy throughout the Euro-Atlantic area by integrating parliamentarians from non-member nations into the Assembly's work;
- to assist directly those parliaments actively seeking Alliance membership;
- to increase co-operation with countries who seek co-operation rather than membership, including those of the Caucasus and the Mediterranean regions; and
- to assist in the development of parliamentary mechanisms, practices and 'know-how' essential for the effective democratic control of armed forces.<sup>1</sup>

3.12 The Assembly consists of 257 delegates from the 28 NATO member countries. Each delegation is based on the country's size and reflects the political composition of the parliament, therefore representing a broad spectrum of political opinion. Delegates from fourteen associate countries, the European Parliament, four regional partner and Mediterranean associate member countries, as well as parliamentary observers from seven other countries – including Australia – and three inter-

---

<sup>1</sup> NATO Parliamentary Assembly website, 21 October 2011, <http://www.nato-pa.int/>

parliamentary assemblies, also take part in Assembly activities. A list of members is included as Appendix B to this report.

- 3.13 The Assembly's governing body is the Standing Committee, which is composed of the head of each member delegation, the President, the Vice-Presidents, the Treasurer and the Secretary General.
- 3.14 There are two plenary sessions each year, a Spring Session, usually towards the end of May, and an Annual Session in October or November. The sessions are held in member or associate member countries.
- 3.15 The Assembly's five committees meet during plenary sessions, and occasionally at other times. They are charged with examining major contemporary issues in their fields. The committees are:
- Civil Dimension of Security;
  - Defence and Security;
  - Economics and Security;
  - Political; and
  - Science and Technology.
- 3.16 The committees and sub-committees produce reports, which are discussed in draft form at the Assembly's Spring Session. The reports are then revised and up-dated for discussion, amendment and adoption at the Assembly's Annual Session.
- 3.17 At the Annual Session, the committees produce policy recommendations which are voted on by the full Assembly and forwarded to the North Atlantic Council. As well as meetings during Sessions, the committees and sub-committees meet several times a year in member and associate nations where they receive briefings from leading government and parliamentary representatives, as well as senior academics and experts.
- 3.18 Other Assembly bodies include the Mediterranean and Middle East Special Group to enhance parliamentary dialogue and understanding with countries of the Middle East and the North African region, the Ukraine-NATO Inter-parliamentary Council, the NATO-Russia Parliamentary Committee and the Georgia-NATO Inter-Parliamentary Council.
- 3.19 The headquarters of the Assembly's International Secretariat is located in central Brussels. The International Secretariat is responsible for all administration and the bulk of research and analysis that supports the Assembly's committees, sub-committees and other groups. The Assembly

is directly funded by member parliaments and governments, and is financially and administratively separate from NATO itself.

## The Delegation's Program

- 3.20 The Delegation arrived in Bucharest on 6 October and was briefed by Mr George Prelea, Australian Honorary Consul. On 7 October the Delegation met with the Defence and Foreign Affairs Committees of the Chamber of Deputies of the Parliament of Romania. On 8-9 October Delegation members participated in the 2011 Annual Session of the NATO Parliamentary Assembly.
- 3.21 Approximately 300 delegates from more than 50 countries attended the 2011 Annual Session in Bucharest. Delegates discussed a range of issues including Afghanistan, NATO's air campaign in Libya, plans to build an anti-ballistic missile defence shield in Europe, support for the new Arab democracies, relations with Russia and the situation in the Western Balkans.
- 3.22 Delegation members attended meetings of the Assembly's committees and welcomed the opportunity to hear from specialists in a range of fields and participate in discussions. Unfortunately, commitments to sittings of the House in Canberra prevented Members from attending the plenary session of the Assembly on 10 November.

## Meeting with the Defence and Foreign Affairs Committees of the Romanian Chamber of Deputies

- 3.23 Before the official program of the Parliamentary Assembly began the Delegation took the opportunity to meet members of the Defence Committee and the Foreign Affairs Committee of the Chamber of Deputies of the Romanian Parliament.
- 3.24 The President of the Foreign Affairs Committee, Mr Attila Korodi, and the Chair of the Committee for Defence, Public Order and National Security, Mr Costică Canacheu, welcomed Delegation members. The shared commitment in Afghanistan was discussed, and the earlier commitment by both countries in Iraq.
- 3.25 The meeting noted the decline in economic exchange between Australia and Romania since 2008, and the opportunities for possible developments were discussed. Romania has maintained its own currency but is a member of the European Union and the great majority of its economic exchange is with the European Union. The current economic crisis in

Europe significantly affects Romania and a more diverse economic exchange would be beneficial.

- 3.26 Committee members explained to the Delegation the prospect for significant economic developments in Romania in the next decade. Of particular interest were issues relating to the Black Sea and also to the development of a Danube Strategy targeting major investments. The development of Romania's energy resources will be a major undertaking.

## NATO Parliamentary Assembly Committee Meetings

### Economics and Security Committee

- 3.27 The Economics and Security Committee was addressed by Professor Sultan Barakat, Director of the Post-war Reconstruction and Development Unit at York University. Professor Barakat spoke on post-conflict development in Afghanistan and asked whether progress had been made in Afghanistan and whether the Afghan state was more or less fragile in 2011 than it had been in 2001.
- 3.28 Professor Barakat suggested that while socio-economic factors broadly present trends toward improving standards of life in the key areas of poverty reduction, education and health, governance and security indicators generally present a negative trajectory, affecting significantly the long term prospects for sustainable development and a move away from political fragility.
- 3.29 Professor Barakat nominated as problems going forward the lack of a coherent and shared vision; imposed liberal agendas which are seen as alien to the local culture and values and often inconsistent; premature economic liberalisation; reliance on for-profit agencies and private contractors, including private security; and a commitment to capacity building without significant commitment to building Afghan capacity in line ministries, the parliament and leadership.
- 3.30 Delegation members participated in the discussion and question and answer session that followed.

### Defence and Security Committee

- 3.31 The Committee considered a report on Transition in Afghanistan. The report noted tactical and operational success by ISAF ground forces, continuing advances in training and equipping Afghan security forces, progress in counter-narcotic efforts and significant advances in health care and education. However, the report noted challenges on other fronts: that

conventional battlefield successes against the insurgency had led to new tactics such as attacks on high-profile Afghan officials and symbols of the international community, and that support for the ISAF presence is diminishing among the local population, exacerbated by civilian casualties.

- 3.32 The Committee also discussed the draft resolution on Supporting the Libyan People, which was later adopted by the plenary session of the Assembly. In this meeting there was comment about the early action in supporting Libyan opposition forces with air strikes by NATO members France and the United Kingdom. The United States supported the inclusion of favourable comments about those two nations, whilst other members such as Italy, Germany and Spain spoke against unilateral action and the precedent, as well as urging caution about being overly positive about NATO success. The Russian delegation spoke against 'self glorification'. This highlighted the dynamics between member nations of NATO.
- 3.33 The resolution urges all parties in Libya to work towards an inclusive and representative transitional governing structure, and a Libya based on democracy, the rule of law, respect for human rights, and civilian control of the military. It also urges member governments and parliaments of the North Atlantic Alliance to ensure that the financial resources and expertise necessary for a rapid and successful stabilisation and reconstruction are available to the Libyan people, as well as for the resettlement of vulnerable refugees.

#### Committee on the Civil Dimension of Security

- 3.34 The Committee was addressed by Mr Raffaello Pantucci, Associate Fellow at the International Center for the Study of Radicalisation (ICSR) in London. He spoke on his research into terrorism and radicalization in Europe, with a particular focus on the United Kingdom and Islamist trends in the country.
- 3.35 Mr Pantucci argued that following some success by allied forces against terrorist bases in Afghanistan, and the death of Osama bin Laden, organised terrorist activity was becoming increasingly decentralised. He suggested that regional terrorist organisations and unaffiliated individuals now pose an increasing threat to the west. He also noted that the effect of the 'Arab spring' uprisings and the global economic crisis on terrorist activity was yet to be seen.

- 3.36 Mr Pantucci noted the declining importance of large money flows in funding terrorist activity, suggesting that small groups or single individuals can fund terrorist activity with relatively small amounts.
- 3.37 The Committee also discussed Ukraine and Moldova. Representatives in this meeting spoke about the internal political issues in the Ukraine and Moldova over recent years and the situation regarding legal action against certain political leaders. It was clear from the comments made that Russian representatives, who held the status of being invitees to NATO, had a significantly different interpretation of political events in the Ukraine and Moldova. Those views contrasted sharply with the views held by almost all the representatives of member states of NATO. The relationship between Russia and the western member states of NATO and the status of Russia in these meeting was particularly interesting. There appeared to be resentment amongst some representatives of NATO member states that Russian representatives are allowed to be present and so strident in their remarks about NATO activities.

#### Science and Technology Committee

- 3.38 The Delegation attended a meeting of the Committee which was addressed by Mr Jason Healey, Director of the Cyber Statecraft Initiative of the Atlantic Council. Mr Healy spoke on NATO's cyber-strategy and the nature of cyber attacks directed at the alliance. He suggested that as yet cyber-attacks had been relatively unsophisticated and that a 'cyber-war' had not yet developed.
- 3.39 An interesting point addressed by Mr Healy was the circumstances under which Article 5 of the NATO Treaty might be invoked. Article 5 states that an armed attack against one or more member of the alliance will be considered an attack against all members and that alliance members will respond as necessary. It was invoked after the September 11 attacks in New York in 2001. Mr Healy proposed that in some circumstances a cyber-attack could be so significant as to warrant invoking Article 5.

#### Political Committee

- 3.40 The Committee was briefed on Romanian involvement in Afghanistan. As the host nation for the Parliamentary Assembly, Romania took the opportunity to highlight its involvement in Afghanistan. Given the size and economic capacity of Romania its contribution is notable, with 1,900 Romanian soldiers deployed in Afghanistan. The Romanian delegation made the point that their contribution in Afghanistan was not conditional on time frames but they would remain until the job was done. The

Romanians were very keen to demonstrate themselves as good members of NATO.

- 3.41 The Committee discussed Transatlantic relations with Afghanistan and also Chinese economic involvement in Afghanistan. The issue of force capability was raised by representatives from the United Kingdom and the need for member nations to have the capacity to support the sort of operations required in theatres such as Afghanistan. There was an implication that the load was not shared equitably by member states. The point was also made that Chinese involvement in Afghanistan was economic and selective, ensuring maximum benefit for Chinese interests, but was not directed at the harder activities of stabilising the country, such as military and logistic involvement. The death of Osama Bin Laden was welcomed but the warning was made that premature disengagement by NATO in Afghanistan must be avoided. Plans for beyond 2014 must exist, including working on Afghanistan and regional countries in regard to trade, infrastructure and combating the drug trade. It was acknowledged that the role of President Karsai of Afghanistan was difficult; however, he was inconsistent in his messages on the Taliban and his blaming all corruption on foreign contractors.

### **Meeting with the Romanian Delegation to the NATO Parliamentary Assembly**

- 3.42 On Saturday, 8 October, the Delegation met the Romanian Delegation to the Assembly, led by Mr Sever Voinescu-Cotoi, a Member of the Chamber of Deputies. Mr Voinescu-Cotoi welcomed the Delegation to Romania and noted that Australian and Romanian soldiers were working together in Afghanistan.
- 3.43 Discussion ensued on a range of subjects, both the shared commitment in Afghanistan and bilateral relations more generally. The relatively low level of trade between Australia and Romania was noted, and the significant opportunities for the expansion of trade and for Australian investment in Romania.
- 3.44 Romanian delegates explained that large areas of Romania's territory had not yet been subject to comprehensive geological exploration and that the extent and nature of Romania's mineral resources was not fully known, with significant opportunities for the use of Australian expertise in resource development.

## Conclusions

- 3.45 Delegation members found attendance at the NATO Parliamentary Assembly to be a valuable opportunity to inform themselves on a wide range of issues, to hear from civilian and military experts in various fields and to exchange views with fellow parliamentarians from NATO member countries and other observer delegations.
- 3.46 Delegation members also appreciated the opportunity to meet members of the Romanian Parliament, both the Romanian delegation to the NATO Parliamentary Assembly and members of two major committees of the Chamber of Deputies. The meetings were valuable opportunities to discuss matters of bilateral interest beyond the specific concerns of the NATO Parliamentary Assembly.

**Nick Champion MP**  
**Delegation Leader**





## Appendix A – Delegation Program 3-9 October 2011

### **Monday 3 October – Strasbourg**

1040 Arrive Strasbourg Airport

1900 Briefing with Ms Joanne Frederiksen, Deputy Permanent Representative of Australia to the OECD

### **Tuesday 4 October – Strasbourg**

Parliamentary Assembly of the Council of Europe

2015 Dinner hosted by Ms Hermione Naghdalyan, Chairperson of the Committee on Economic Affairs and Development of the Parliamentary Assembly of the Council of Europe

### **Wednesday 5 October – Strasbourg**

Parliamentary Assembly of the Council of Europe

16.30 Meeting with Mr Angel Gurría, Secretary-General of the OECD

### **Thursday 6 October - Bucharest**

0915 Depart Strasbourg Airport

1430 Arrive Bucharest Airport

16.00 Tour of the National Museum of Art of Romania

17.30 Briefing with Mr George Prelea, Australian Honorary Consul

**Friday 7 October – Bucharest**

12.00 Meeting with Members of the Committee on Foreign Affairs and the Committee for Defence, Order and National Security of the Chamber of Deputies of the Romanian Parliament

**Saturday 8 October - Bucharest**

NATO Parliamentary Assembly

11.00 Meeting with Members of the Romanian Delegation to the NATO Parliamentary Assembly

**Sunday 9 October - Bucharest**

NATO Parliamentary Assembly

1815 Depart Bucharest



## Appendix B – Members of the Parliamentary Assembly of the Council of Europe and the NATO Parliamentary Assembly

### PARLIAMENTARY ASSEMBLY OF THE COUNCIL OF EUROPE

Albania	Andorra
Armenia	Austria
Azerbaijan	Belgium
Bosnia and Herzegovina	Bulgaria
Croatia	Cyprus
Czech Republic	Denmark
Estonia	Finland
France	Georgia
Germany	Greece
Hungary	Iceland
Ireland	Italy
Latvia	Liechtenstein
Lithuania	Luxembourg
Malta	Moldova
Monaco	Montenegro
Netherlands	Norway
Poland	Portugal
Romania	Russian Federation
San Marino	Serbia
Slovak Republic	Slovenia
Spain	Sweden
Switzerland	The former Yugoslav Republic of Macedonia
Turkey	Ukraine
United Kingdom	

**NATO PARLIAMENTARY ASSEMBLY**

Albania	Belgium
Bulgaria	Canada
Croatia	Czech Republic
Denmark	Estonia
France	Germany
Greece	Hungary
Iceland	Italy
Latvia	Lithuania
Luxembourg	Netherlands
Norway	Poland
Portugal	Romania
Slovenia	Slovakia
Spain	Turkey
United Kingdom	United States

**Associate Delegations**

Russian Federation  
Ukraine  
Austria  
Azerbaijan  
Serbia  
Sweden  
Switzerland  
Finland  
Georgia  
Armenia  
Bosnia and Herzegovina  
Moldova  
Montenegro  
The Former Yugoslav Republic of Macedonia

**The European Parliament****Regional Partner and Mediterranean Associate Member Delegations**

Algeria  
Morocco  
Israel  
Jordan

### **Parliamentary Observers**

Australia

Egypt

Japan

Kazakhstan

Palestinian Legislative Council

Tunisia

South Korea

### **Inter-Parliamentary Assemblies**

OSCE PA

PACE

ESDA-AWEU





## Appendix C – Resolution and address

### **Parliamentary Assembly of the Council of Europe**

#### **Resolution 1833 (2011) – The activities of the Organisation for Economic Co-operation and Development (OECD) in 2010-2011**

*Text adopted by the Assembly on 5 October 2011.*

1. For the purpose of debating the activities of the Organisation for Economic Co-operation and Development (OECD), the Parliamentary Assembly of the Council of Europe meets annually in an enlarged forum including delegations from the non-European member states of the OECD and the European Parliament. The enlarged Parliamentary Assembly has reviewed the activities of the OECD in 2010-2011 in the light of the OECD's latest annual report, the report submitted by the Assembly's Committee on Economic Affairs and Development, and the contributions of other Assembly committees in the fields of health and social policy, the environment, agriculture, migration, education and science.

*The OECD at 50*

2. The enlarged Assembly welcomes the 50th anniversary of the creation of the OECD. For the past fifty years, the OECD has provided a unique setting where governments can come together to share policy experiences, identify good practices, find solutions to common problems and collaborate on addressing global challenges. This anniversary comes at a very significant moment for the OECD – and in a strangely turbulent period for the world economy – as the organisation expands both its core membership and its broader audience and develops new strategies for building stable long-term growth in an increasingly complex and interconnected world. In this context, the enlarged Assembly also welcomes the OECD's valuable contribution to the evolving global architecture, including the G20. The OECD's active participation in the work of the G20 – some of whose members are not OECD members – underlines the transformation in its role and its increasingly global dimensions. The enlarged Assembly encourages the OECD to further enhance international co-operation to address common

concerns with the Bretton Woods institutions (International Monetary Fund, World Bank), as well as with the World Trade Organization (WTO) and the International Labour Organization (ILO). The enlarged Assembly welcomes the OECD 50th Anniversary Vision Statement which sets out its renewed identity, orientation and activities.

3. The enlarged Assembly welcomes the continued OECD enlargement process, reflected in last year's accession of four new members: Chile, Slovenia, Israel and Estonia. In the same vein, it welcomes the progress made towards full membership of the Russian Federation, as well as the enhanced engagement with Brazil, China, India, Indonesia and South Africa, and the endeavours of the organisation to engage in varied and flexible relationships with countries and institutions so as to build a global policy network. The enlarged Assembly reiterates its belief that full respect for democracy, human rights and the rule of law, including international law, should constitute an essential criterion for judging whether a candidate country should be invited to join the OECD.

4. The enlarged Assembly is satisfied with the OECD's view of its relationship with parliamentarians as a vital element in its mission to help policy makers implement reform. It takes note that the OECD is expanding the breadth and depth of its parliamentary contacts to include not only its long-standing links with the Parliamentary Assembly of the Council of Europe and the NATO Parliamentary Assembly, but also a strategic partnership with the European Parliament and the OECD's high-level parliamentary seminars held twice yearly. It also encourages the efforts made to explore the development of an OECD parliamentary network that could improve parliamentary involvement in the OECD's work.

#### *Global economy*

5. The enlarged Assembly welcomes the OECD's assessment that global gross domestic product (GDP) rose by 4.6% in 2010, with growth expected to continue at 4.2% in 2011 and 4.6% in 2012. Global trade volumes have now exceeded their pre-recession peak, and are expected to grow by over 8% both this year and next. It should be noted, however, that this dynamism is very much driven by the larger non-OECD economies, and particularly China, India and Brazil. Economic recovery appears to have come almost to a halt in the major industrialised economies, with falling household and business confidence affecting both world trade and employment. Thus, the global shifts in growth, wealth and influence continue, as a major impact of the crisis has been to hasten the decline in weight of the major developed countries within the world economy.

6. The enlarged Assembly is concerned that in most OECD economies the recovery is surrounded by a great many uncertainties and risks. These risks include concerns about public debt sustainability in some OECD countries, as well as continued financial fragility in the euro area where sovereign debt problems are still looming high. Similarly, these threats to the economic outlook stem from a



rise in commodity prices, possible overheating in emerging economies coupled with increasing property prices, consumer credit and bank profits hitting all-time highs. The enlarged Assembly is conscious that the global economy is by no means returning to business as usual. In the aftermath of an unprecedented crisis, there is now a considerable challenge to be taken up, in order to establish stable, healthy and fair global growth.

7. The enlarged Assembly notes with concern that the financial and economic crisis has left many Council of Europe member states, as well as other OECD member states, with a legacy of modest growth, weak public finances and persistently high unemployment. New economic strategies are imperative to address the problems stemming from this predicament. High unemployment cannot be accepted as the “new normality”. Indeed, the enlarged Assembly regards combating unemployment as one of the central challenges confronting the OECD economies today.

8. The enlarged Assembly takes note that, if the economic crisis – and the food crisis – affects everyone, its impact on the poor is particularly strong. If the volatility of commodity prices, especially in energy and metals, has been a consistent feature of recent global economic growth, severe instability in pricing of food commodities – particularly basic foodstuffs – has become an increasingly important issue for the most vulnerable economies in the last couple of years. The enlarged Assembly shares the OECD’s view that the best way to prevent this would be to improve planning, boost the flow of information about stocks available, remove restrictions, and put in place timely and effective assistance programmes, in order to maintain reasonable stability, and prevent abuse of the commodity trading system by speculators, to the detriment of the world’s most vulnerable consumers.

9. The enlarged Assembly is convinced that today’s key challenge is to strike the right balance between policies aiming at achieving fiscal consolidation and those which promote a job-rich recovery with decent work and decent standards of living. The enlarged Assembly therefore calls on the OECD to continue its work and to develop appropriate policy advice in order to tackle youth unemployment and to prevent high long-term unemployment rates from becoming entrenched. The greatest threat to our economies is a persistent period of modest growth, or prolonged stagnation, with negative long-term structural consequences. The enlarged Assembly therefore calls on the OECD to become more creative and proactive in its proposals for future policy options in this crucial field.

10. The enlarged Assembly believes that among the necessary “paradigm shifts” in economic policies, a key issue is to tackle inequality. Disparities in society existed before the financial crisis, but they have worsened as a result of the recession. These include discrimination, income inequalities and gender imbalances. Wages as a share of global output have fallen to their lowest level in decades, while unemployment has remained persistently high, threatening to prevent a

resurgence of consumer demand. Growing inequalities in society are a major obstacle for economic development. Moreover, in a longer perspective there should be no contradiction between measures to ensure economic growth and stability, and measures to protect and care for the most vulnerable. Austerity measures which exacerbate inequalities will only postpone problems and in some fields make it even more costly to resolve them at a later stage. The enlarged Assembly encourages the OECD to develop policy responses which address these societal problems directly and thus help to restore public trust in the governments after the crisis.

11. The enlarged Assembly therefore deems it crucial to put into practice the OECD's various policy tools designed to counter the effects of the crisis in a range of areas, notably the measures to improve tax transparency, the need to align financial sector regulations and incentives, so as to achieve more effective oversight and risk management and better corporate governance. It encourages the OECD to explore the options for introducing a global tax on financial transactions. The enlarged Assembly considers that international co-operation is particularly important to build at global level a stronger and more consistent supervisory and regulatory framework for the financial sector so that it serves the real economy, promotes sustainable enterprises and decent work and better protects savings and pensions. The avoidance of future crises requires strengthened legislation for the operations of financial institutions and the regulation of financial markets and capital flows in order to increase their transparency and effectiveness. This should include rating agencies, where serious conflicts of interest have become apparent.

12. The enlarged Assembly notes with concern that, according to new OECD estimates, global imbalances are likely to increase in the near future. It therefore calls on governments to address the problem of economic imbalances and structural limitations highlighted by the crisis, through co-ordinated reform of national policies. Such imbalances, both in trade and finance, risk provoking a protectionist response, and this would be disastrous for economic recovery. This policy challenge - which implies not abolishing global imbalances, but keeping them at a level that is both sustainable and amenable to an efficient allocation of resources across the globe - requires a co-operative response. The enlarged Assembly believes that the OECD could become instrumental in devising policy advice on how to successfully manage, and restrain, global economic imbalances.

13. The enlarged Assembly welcomes the conclusions of the OECD Council meeting of 25 and 26 May 2011, including the new update of the OECD Guidelines for Multinational Enterprises which extended the reach of this leading international corporate responsibility instrument in the areas of human rights and supply chains, and considerably reinforced its unique implementation procedures. The OECD's conclusions are relevant for all open market economies and place strong emphasis on implementing structural reforms, fiscal consolidation and the need to strengthen their commitment to the fundamental principles of propriety,

integrity and transparency. These policies and strategies are essential to ensure that the recovery takes hold and is transformed into environmentally sustainable and socially balanced growth.

14. The enlarged Assembly welcomes the OECD's innovation policies and the Green Growth Strategy launched at the OECD Council meeting in May 2011. It is convinced that green growth tools and indicators can help expand economic growth and job creation through sustainable use of natural resources, efficiencies in the use of energy and the appropriate evaluation of ecosystem services. A turn towards green growth is indeed essential to prevent further destruction of natural capital, including increased scarcity of water and other resources, more pollution, climate change and biodiversity loss, all of which are bound to undermine stable future growth. The enlarged Assembly encourages the OECD to further develop its policy advice for countries to "go social" and also to provide them with the tools to increase economic opportunities for women in education, employment and entrepreneurship. The enlarged Assembly shares the view that innovation, supported by a strong intellectual property rights system, is a key to countries' abilities to achieve economic growth, create green jobs and protect the environment.

15. The Enlarged Assembly in particular praises the OECD's efforts to promote green growth through its Green Growth Strategy designed to build on the rapidly growing private sector interest in low-carbon development and renewable energy. The OECD believes that by assessing economic and environmental policies together, a practical and effective platform can be created for achieving a low-carbon economy that is compatible with growth. At the same time, the enlarged Assembly recalls that these kinds of initiatives should contribute to states' fulfilment of, and further commitment to, international environmental obligations.

16. The enlarged Assembly also welcomes the development by the OECD of a new interactive tool called the Better Life Index, designed to model well-being in OECD countries, which provides a comparative guide to how well countries perform against 11 criteria - such as education, housing, income, safety and health - identified by the OECD as essential to quality of life. The Better Life Index indeed demonstrates the necessary interplay between these different enabling factors that combine to create more sustainable societies. The enlarged Assembly hopes that the OECD will continue to work on better measuring the well-being of society and that the new tool will help to strike a better balance between social justice and economic competitiveness when formulating economic policies, as well as incorporating environmental concerns through the "Tools for Delivering on Green Growth" developed by the OECD.

#### *International development*

17. The enlarged Assembly is concerned that in 2011, and for the first time in history, the global population will reach 7 billion. Unbridled demographic growth in many developing countries is likely to outstrip the gains of economic

development. The enlarged Assembly therefore calls on donor countries to invest far more seriously in family planning policies, otherwise much of the progress achieved over the last decades in fighting poverty, climate change and preventing conflicts in sub-Saharan Africa and developing countries may be lost.

18. The enlarged Assembly welcomes the new comprehensive approach to development across the OECD which will be reflected in a new OECD strategy for development currently under preparation. It should be noted that in 2010, development was formally added to the G20 agenda and at the Seoul Summit the Development Consensus for Shared Growth was adopted. The enlarged Assembly welcomes the significant input the OECD provided to the making of the Seoul Consensus in six out of the nine action areas, including the encouragement of more robust and effective tax systems, steps to reduce corruption, better labour and regulatory practices and steps to mitigate volatility in the price of basic foodstuffs.

19. The enlarged Assembly fully subscribes to the conclusions of the OECD Council that the OECD should focus its development strategy on the following areas: innovative and sustainable sources of growth; mobilisation of domestic resources for development, including by fostering a favourable investment climate; good governance; and measuring progress for development. Corruption, lack of transparency, and poorly functioning tax systems are major barriers to long-term growth in many developing countries. Hence the importance of the OECD's Tax and Development Programme which will help countries to develop more effective tax systems and combat offshore tax evasion. The enlarged Assembly also hopes that this new OECD approach can help shape the international development co-operation architecture that should emerge from the Busan High-Level Forum on Aid Effectiveness, in South Korea in November 2011. Additionally, taking into account the enlargement process of the OECD, as well as its increasingly global focus, the enlarged Assembly underlines the relevance of the OECD's international development approach, which promotes the experiences of South-South co-operation and triangular co-operation as tools that make a decisive contribution to the achievement of the Millennium Development Goals.

20. In this context, the enlarged Assembly also underlines the need for a successful completion of the Doha Round of trade negotiations, not least in a spirit of solidarity with the least developed countries. It reaffirms the importance of the multilateral trading system and that this strong, fair and rules-based system is an essential source of sustainable economic growth, development and job creation. It shares the deep concern expressed by the OECD regarding the difficulties confronting the Doha Development Agenda negotiations, and calls on all parties to reinforce their commitment to resist economic nationalism and protectionism, and reaffirms the commitment made by all WTO members in 2001 in the sense that the Doha Development Agenda aspires to achieve a more equitable share of opportunities and welfare gains generated by the multilateral trading system among all peoples and countries.

21. The enlarged Assembly also notes the importance of investment as a major driver of trade flows and job creation. In this context, it welcomes the recent update of the OECD Guidelines for Multinational Enterprises, which include a new chapter on addressing human rights, and encourages the organisation to send the guidelines not only to the OECD countries but also to stakeholders in non-OECD economies.

*Social and health policy*

22. The enlarged Assembly requests greater commitment by the OECD in the field of social policy, and particularly calls on the OECD to:

22.1. study the positive and negative effects of the taxation of wealth as a means of driving social justice, in order to reduce inequalities and ensure efficiency and economic stability, and make introducing equitable taxation of all profits in order to achieve a fairer distribution of wealth the subject of more particular attention;

22.2. advise member states to adopt ambitious policies to combat poverty, particularly through the building of social housing and through access to essential goods (water, energy, etc.);

22.3. provide support to member states, in co-operation with the International Labour Organization, in the effort to develop a coherent policy on negotiations on labour issues, taking account of the fact that improved action against unemployment and fairer pay depend at present on negotiating procedures involving employers and trade unions, sometimes at international level;

22.4. promote health policies which respect everyone's right to benefit from appropriate health care of high quality at reasonable prices for all categories of the population;

22.5. encourage all member states to maintain social rights, particularly in times of crisis;

22.6. call on all states to ensure young people's access to education, training and employment.

*Environment and agriculture*

23. The enlarged Assembly welcomes the co-operation between its Committee on the Environment, Agriculture and Local and Regional Affairs and the OECD in the preparation of the 6th World Water Forum in Marseille in 2012, and looks forward to the OECD's participation in the transversal conference on climate change and human rights, which will be organised at the Council of Europe in the autumn of 2012.

24. The enlarged Assembly welcomes the long-lasting co-operation between the Council of Europe and the OECD, including in researching and addressing the challenges posed by the financial crisis to local and regional governments. It notes with satisfaction that the OECD Secretary General, Mr Angel Gurría, is invited to take an active part in the 17th Session of the Council of Europe Conference of European Ministers responsible for local and regional governments, which will take place in Kyiv, Ukraine, from 3 to 5 November 2011.

#### *Migration and population*

25. The enlarged Assembly expresses its concern over the impact of the lingering economic and job crisis on international migration. It welcomes the OECD's continuing analysis of how the economic situation affects the origin and destination countries in both the short and medium term, as well as in advising governments on specific policy responses to meet this challenge. In this respect, it particularly welcomes the recent publication of the International Migration Outlook 2011.

26. The enlarged Assembly recognises that Europe is an immigration continent – and it is in its interest to be one. Care should be taken to ensure that the tightening of border controls and the denying of opportunities for legal entry or family reunification do not increase irregular migration and public resentment of foreigners. This could lead to xenophobia and sow the seeds of social conflict, as well as tension in inter-state relations.

27. The enlarged Assembly is convinced that the present economic crisis could be turned into a great opportunity for laying the basis for the sound management of human mobility in the future. The current potential dangers could be minimised through timely preventive measures. It therefore calls on the member states to adopt flexible immigration policies congruent with current and anticipated labour needs; to avoid populist, inward-looking policies; and to introduce proactive labour-market measures, notably through job creation.

#### *Education and science*

28. The enlarged Assembly takes note with interest of the new outcomes of the latest PISA studies (Programme for International Student Assessment), in particular the analysis of the positive reactions of disadvantaged students when encouraged to apply themselves to PISA tests and training and the indications showing that repetition of grades and transfer of under-performing students often has a negative effect on overall educational levels.

29. The enlarged Assembly welcomes the new Skills Strategy adopted at the OECD's May 2011 ministerial-level meeting, which emphasises the need to promote lifelong learning as a condition for lifelong employability. It also shares the general thrust of the OECD's approach to "21st-century learning", emphasising the growing need for creative and critical approaches to problem

solving and decision making, for new ways of working, including communication and collaboration, and new tools, such as the capacity to exploit the potential of new technologies or to avert their risks. The enlarged Assembly agrees fully with the need to provide more incentives for education across disciplines and to develop the capacity and motivation to identify, understand, interpret, create and communicate knowledge.

30. Considering the concerted and co-ordinated drafting of the OECD Guidelines on the Protection of Privacy and Transborder Flows of Personal Data and the Council of Europe Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data (ETS No. 108), the enlarged Assembly invites both organisations to pursue their close co-operation in order to maintain the consistency and convergence of the respective frameworks. The OECD is in particular invited to encourage participation of its non-European member states in the modernisation of Convention No. 108 and to promote accession to this instrument. The enlarged Assembly also encourages the further common development of the Global Privacy Enforcement Network.

**Statement by Mr Angel Gurría, Secretary General of the OECD on the occasion of the fourth part of the 2011 Ordinary Session of the Council of Europe Parliamentary Assembly, Strasbourg, 5 October 2011**

Mr. President, Members of Parliament, Ladies and Gentlemen:

The Parliamentary Assembly of the Council of Europe has been a key partner for the OECD for 50 years. Let me thus first thank you, Mr. President, for the invitation, and Ms. Birute Vesaitė, the *rapporteur* of the Committee on Economic Affairs and Development, for the hard work in preparing the report on our activities.

This year has been an important one for the OECD, as we marked our 50<sup>th</sup> anniversary. This anniversary comes at a very significant moment for the world economy and provides an opportunity to reflect on our future. The OECD is expanding its core membership, but also aims to live up to its mission to deliver “better policies, for better lives”. In the current economic climate, this mission is of utmost importance.

You have raised a number of urgent issues in your report. Let me highlight the most important ones and inform you on the mandates we received from Ministers.

**Go social - tackling the employment challenge**

The world economy is in a dire situation. Economic growth is faltering in advanced economies and slowing in many emerging economies. World trade stagnated over the summer, and business and consumer confidence have dipped alarmingly. Uncertainty has thus reached new highs and financial markets have become increasingly turbulent. Credible long-term strategies are needed to tackle debt and fiscal challenges in Europe and elsewhere. In this scenario of tight budgets and high unemployment you have two policy options: *Go structural* with new sources of growth like innovation and green, labour and product market reforms and *go social* to give the people hope, confidence and perspectives.

Let me start with the latter today.

High unemployment is the big elephant in the room. After a period of anaemic job creation, we have seen some further weakening in the past few months. Unemployment in the OECD is still stubbornly above 44 million, over 13 million higher than its pre-crisis level. Moreover, there is now a serious threat that this unemployment becomes entrenched. And it already has a disproportionate impact on youth, with the danger that we are breeding a whole generation with very little experience with the jobs market.

This job crisis is the human face of the crisis and should be at the top of the political agenda. To face this situation, new economic strategies are imperative.



It is first and foremost necessary to rebuild confidence and renew the basis for sustained growth, which is the only real solution to the job crisis. Then, for countries that still have fiscal space, investment should be prioritised, including in infrastructure. For most countries, the focus should be put on cost-effective measures and on the most vulnerable groups. Net hiring subsidies can in particular boost job creation in the short-run. At the same time, income support for the unemployed should be maintained, combined with effective re-employment programmes.

However, these short-term measures need to be part of a comprehensive reform package to improve the functioning of the labour market. The success of countries like Germany in limiting the rise in unemployment points to the importance of structural reforms, even if they take time to feed through to a more resilient labour market.

But youth deserve special attention. They must be given a better start in their working life. Youth unemployment rate is more than twice the one for adults, at 17.4% against 7% in the OECD area. Worse, the ones who are not in employment or in education and training, the so-called “NEETs”, account now for 12.6% of their age group in 30 OECD countries. They face a high risk of labour market and social exclusion.

The good news is that we can, you can make a difference, with wise and prompt policy changes. For sure, there are no quick fixes and governments will face difficult trade-offs. But some countries have weathered the labour market storm relatively well. This is not down to luck. It only demonstrates that policies and institutions matter.

Avoiding the “*désastre annoncé*” of a lost generation requires a two-pronged approach. First, job-search assistance, hiring subsidies and remedial assistance should focus on the most disadvantaged youth. Opportunities for “study and work” could also be expanded in many countries, with apprenticeships and other dual vocational education and training programmes.

Second, it is imperative to overcome the long-term failure to give all youth a better start in the labour market. This requires improving early childhood education and development and ensuring youth do not drop out from school. It also means achieving a better match between the skills acquired at school and those needed in the labour market. In addition, barriers to the employment of youth need to be removed.

## **Tackling Inequality**

Another dramatic issue raised in your report is the rise in inequality. We first raised this issue with the publication “Growing Unequal” in 2008 and, in December, we will be issuing a new report. Inequality was indeed one of the contributing factors to the crisis. The loss of millions of jobs is now generating further inequality and is putting pressures on middle-income workers. In OECD countries, the richest 10% earn nine times more than the poorest 10%. In Mexico and Chile, this ratio is more than 25 to 1.

Such inequality is not only ethically unacceptable. It is also economically and socially unsustainable. Here again we must and can tackle this challenge, as Brazil did, thanks to an impressive social effort. We must “go social”. This is a strong OECD message to policy makers.

To do so it, it is first necessary to revisit the redistributive impact of taxes. But it is not only about income. It is also about publicly-provided services, such as health, education, housing or care services. Within current budgets, these policies could be made more efficient, by using more in-work benefits, for example, or improving equal access and quality of education and training.

## **OECD priorities going forward**

A social policy strategy is the natural complement to a structural policy strategy with a focus on new sources of growth. Therefore, our Ministerial Council Meeting in May focused on measures to promote sources for inclusive growth and employment. It was chaired by the United States, with the active participation of Secretary of State Clinton. To celebrate our 50<sup>th</sup> Anniversary, the OECD week gathered 26 Heads of State and Government, and Deputy Prime Ministers, over 86 Ministers and State Secretaries, 126 high-level speakers and close to 2,000 participants.

More particularly, the OECD presented its *Green Growth Strategy*, which encompasses both policy recommendations to make economic growth “greener” and a set of indicators to monitor progress. Since the Rio Earth Summit almost twenty years ago, we know that green and growth must go together. This Green Growth Strategy is about making it happen. And we will continue to provide our members with specific tools to do so.

To put our economies back on a growth path, the MCM also gave us the mandate to continue work on a number of key fronts. Let me mention a few.

We will first deliver an OECD Skills Strategy in 2012, to identify which skills are needed to ensure a shift from lifetime employment to lifetime employability, and

to underpin this with the right labour market and education policies to avoid skills' mismatch.

We will also come up with concrete policy recommendations to tackle another fundamental aspect of inclusive growth, gender equality and women economic empowerment, focusing on the three Es: Education, Entrepreneurship and Education.

We have also embarked on developing a Development Strategy, another critical but fundamental endeavour for the OECD. Let us not forget that development was at the heart of our founding mission – in fact, the “D” in OECD. It was at the OECD that the groundwork was done for the Millennium Development Goals, we pioneered the work on aid effectiveness and we contributed to the G20 Seoul consensus for development. We aim now at sharing our knowledge, our best practices and our recommendations with countries at different stages of development in fulfilling our mandate and our mission – better policies for better lives. We will focus on innovation, investment and trade, as well as resources mobilisation. This requires in turn fostering a good investment climate, fighting corruption, instilling good governance and establishing strong public institutions and services, including fair tax systems.

Finally, measuring the Progress of Societies will continue to be one of the OECD's key priorities in the coming years. Economic resources, while important, are indeed not the only determinants of a good quality of life. Also vital are living conditions of our citizens, their satisfaction, feelings and expectations. New initiatives such as the “My Better Life Index” and “How's Life” will strengthen public recognition of the OECD's pre-eminent role in redefining progress and well-being for the 21<sup>st</sup> century.

### **Our future cooperation**

In this year's report, you indicate that the crisis represented something of a “perfect storm”, with a number of interacting forces producing a unique event, a very difficult one to foresee. You also indicate that ahead of the crisis, the OECD repeatedly warned of risks posed by growing global imbalances, a decline in lending standards, and concern with so-called financial innovation.

As I said last year, we could have done better before the crisis if there had been more connectivity, cross-fertilisation and co-operation both among countries and international organisations. We thus need to strengthen multilateralism, and create an expanded network of countries and partners to improve policy making, implementation and oversight worldwide.

I find that there are many interconnections between our areas of expertise and the current focus on your work, such as youth unemployment, gender, and tax

havens. It would be good to be able to share expertise on a more continuing basis, with our experts presenting their findings in hearings before the relevant committees, for example. We are also working on setting up an OECD Parliamentary Network, building on the existing partnerships with your Assembly and other parliamentary assemblies and networks.

Ladies and gentlemen, Before concluding, let me thank the Committee on Economic Affairs and Development for its hard work and engagement. Its members have been instrumental in building up the working relation between the OECD and the Assembly.

We look forward to discussing with you how to strengthen our relations even further. We want to ensure that OECD data and reports reach you and inform the parliamentary policy debates that are so crucial to democracy. We very much appreciate your continued feedback on our work. This is necessary to keep us sharp.

Thank you very much!