

## DESLOCAÇÃO

Sustaining a Global Recovery,  
Paris, OECD Conference Centre,  
18 de Fevereiro 2010

### **RELATÓRIO**

Deputados José Eduardo Martins (PSD) e  
Jorge Seguro Sanches (PS)

## 1. Enquadramento

O encontro foi marcado pelos seguintes temas: “Lidar com o impacto social da crise”, “Transparência e integridade no Sector Público e Empresarial” e por uma sessão de consulta sobre o “crescimento verde”.

As consequências da crise económica e financeira, com grandes perdas de emprego, são uma das grandes preocupações da economia dos países da OCDE.

O desenvolvimento de uma economia verde, mais segura do ponto de vista do abastecimento e ambientalmente mais sustentável é também uma das oportunidades dos países da OCDE, permitindo-lhes também um maior desenvolvimento tecnológico.

O tema da transparência e da integridade do sector público é uma das questões da maior importância no aprofundamento das democracias.

## 2. Programa

Chair: **Anthony Gooch**, *Director, Public Affairs and Communication Directorate, OECD*

9.00-9.30	Arrival of participants
9.30-10.30	<b>Opening remarks by the Chair</b> - Overview of OECD Parliamentary Relations
10.30-11.45	<b>Economic Outlook</b> <b>Pier Carlo Padoan</b> , <i>Chief Economist and Deputy Secretary-General, OECD</i>
11.45-13.00	<b>Coping with the Social Impact of the Crisis</b> <b>Stefano Scarpetta</b> , <i>Head, Division for Employment Analysis and Policy, Directorate for Employment, Labour and Social Affairs (ELS), OECD</i>
13.00-14.30	Lunch with remarks by <b>Angel Gurría</b> , <b>Secretary-General</b> ,

	<b>OECD</b> Room George Marshall, Château
14.30-16.00	<b>Consultation Session on Green Growth</b> <i>Environment Directorate, OECD</i>
16.00-17.15	<b>Transparency and Integrity in the Public and Corporate Sector</b> <i>Rolf Alter, Director, Directorate for Public Governance and Territorial Development, OECD</i> <i>Grant Kirkpatrick, Senior Economist, Acting Head of Corporate Affairs, Directorate for Financial and Enterprise Affairs, OECD</i>
17.15-17.30	<b>Conclusions by the Chair</b>

### 3. Opinião dos relatores

O encontro, de carácter regular e anual, foi uma excelente ocasião para troca de experiências entre os parlamentares de países da OCDE sobre temas que marcam a economia mundial, num período de crise económica e financeira.

As questões sociais daí resultantes foram também abordadas, com especial incidência para o aumento do desemprego nos países membros da OCDE.

Foi ainda abordada, com bastante relevância, a oportunidade de que a Europa e o planeta dispõem com o desenvolvimento da denominada "economia verde".

### 4. Considerações Finais

De notar, nesta reunião e na sua preparação, o excelente apoio e informações dados pelo Embaixador de Portugal junto da OCDE, Dr. Eduardo Ferro Rodrigues.

Presentes, nesta reunião, Deputados à Assembleia da República e em representação de outras Comissões Parlamentares. Valerá a pena, futuramente, estas presenças serem articuladas previamente.

## **1. Anexos**

### 1. Programa

Em anexo.

### 2. Apresentações efectuadas

Em anexo.

### 3. Outros documentos

## **Os Deputados**

**José Eduardo Martins**

**Jorge Seguro Sanches**



## OECD High-Level Parliamentary Seminar Sustaining a Global Recovery

Thursday 18 February 2010 - CC 12

### Programme

Chair: *Anthony Gooch*, Director, Public Affairs and Communication Directorate, OECD

- 9.00 – 9.30 Arrival of participants and morning coffee
- 9.30 – 10:30 **Economic Outlook**  
*Pier Carlo Padoan*, Chief Economist and Deputy Secretary-General, OECD
- 10.30 – 11.45 **Remarks by the Chair – Overview of OECD Parliamentary Relations**
- 11.45 – 13.00 **Coping with the Social Impact of the Crisis**  
*Stefano Scarpetta*, Head, Division for Employment Analysis and Policy, Directorate for Employment, Labour and Social Affairs, OECD; Discussant: *Pervenche Berès*, Chairwoman, Committee on Employment and Social Affairs, European Parliament  
The financial and economic crisis has turned into a social crisis with large job losses and potentially severe social consequences. This session will provide an overview of the OECD's analysis and recommendations on how labour market and social policies can help workers and low income households weather the storm of the crisis.
- 13.00 – 14.30 Lunch with remarks by *Angel Gurría*, Secretary-General, OECD  
Room George Marshall, Château
- 14.30 – 16.00 **Transparency and Integrity in the Public and Corporate Sector**  
*Rolf Alter*, Director, Directorate for Public Governance and Territorial Development, OECD; *Daniel Blume*, Senior Policy Analyst, Corporate Affairs, Directorate for Financial and Enterprise Affairs, OECD  
The crisis has demonstrated how transparency and integrity are central to the health of our economies and their stability. The OECD does important work on both corporate and public governance. OECD staff will present recent work on regulatory reform, new principles on the transparency and integrity in lobbying, and corporate governance.
- 16.00-17.15 **Consultation Session on Green Growth**  
*Robert Visser*, Acting Director, Environment Directorate, OECD  
In June 2009, ministers tasked the OECD with developing a Green Growth Strategy that will bring together economic, environmental, technological, and development aspects into a comprehensive framework to guide future growth. OECD staff will present the proposed development of the strategy. MPs are invited to provide input and share experiences with green growth initiatives in their countries.
- 17.15 – 17.30 **Conclusions by the Chair**



For a stronger, cleaner, fairer world economy

•1.

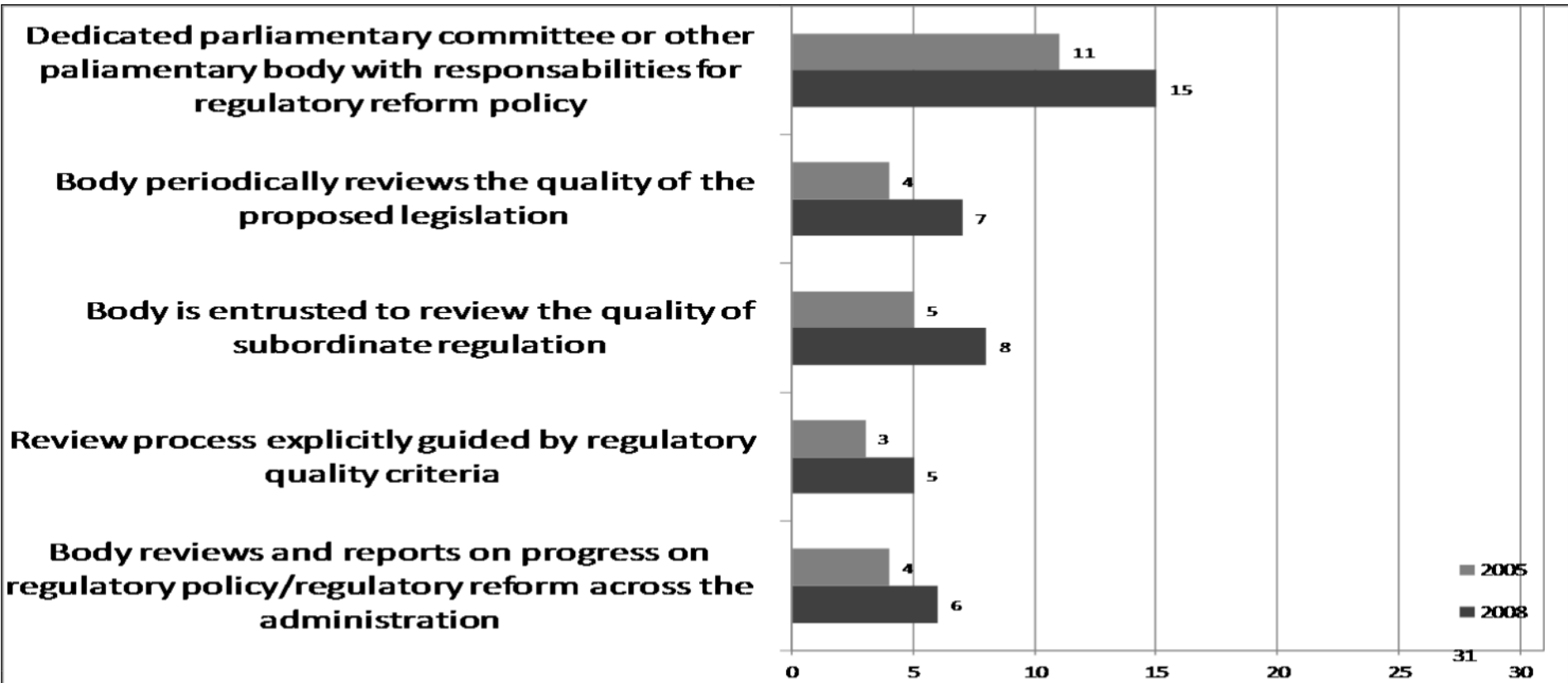
## Overview

1. Fiscal sustainability

2. Regulatory Policy

3. Brand new instrument on Lobbying

# The adoption of regulatory quality tools by parliaments



- Early stages:**
- Awareness in half of the countries, some process in 7 or 8 countries
  - Clear review process in only 5 countries
  - Policy implications of the loop holes

# Why an OECD instrument on Lobbying?

- Lobbying Legislators is a reality
- Supports informed decision making
- Risks to level playing field: lack of transparency and privileged access
- Research: IMF study on linking intensive lobbying & high-risk lending





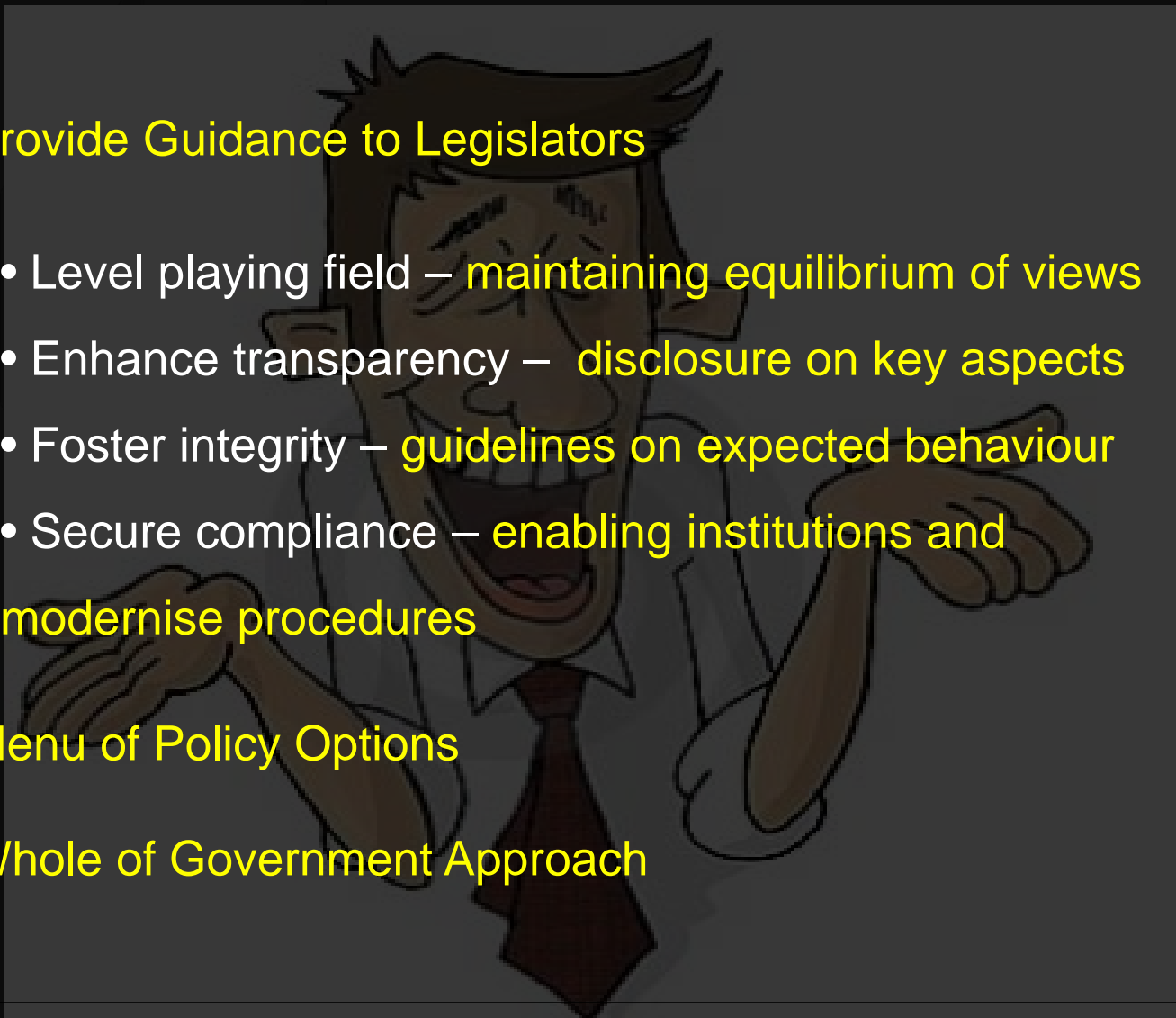
# What do the Principles offer to Legislators?

## 1. Provide Guidance to Legislators

- Level playing field – maintaining equilibrium of views
- Enhance transparency – disclosure on key aspects
- Foster integrity – guidelines on expected behaviour
- Secure compliance – enabling institutions and modernise procedures

## 2. Menu of Policy Options

## 3. Whole of Government Approach

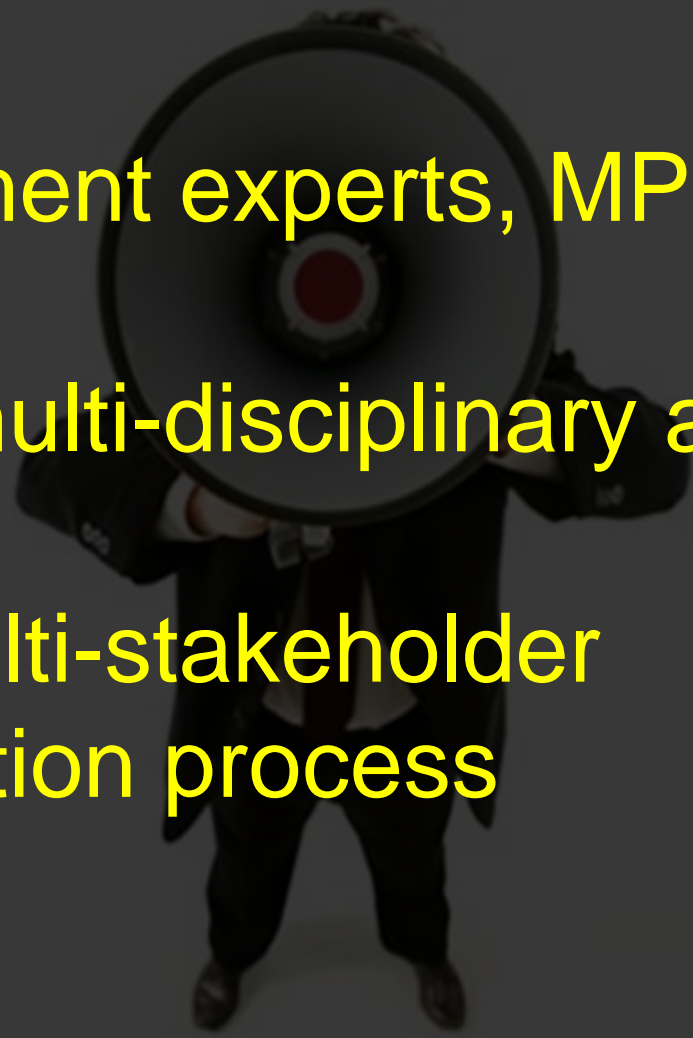


# How were Legislators involved in building consensus?

Government experts, MPs

OECD multi-disciplinary approach

Wide multi-stakeholder consultation process



# What are the implications of the OECD Recommendation?

## Dissemination to Members & non-Members

OECD to support Legislators in the implementation through...

- Developing tailored outputs for dissemination
- Supporting policy debate in countries
- Championing reviews of implementation

Report back in 2013



Thank  
you

# OECD High-Level Parliamentary Seminar

18 February 2010

## Tackling the jobs crisis: An OECD perspective

Stefano Scarpetta

Head of the Employment Analysis and Policy  
OECD

# The jobs crisis

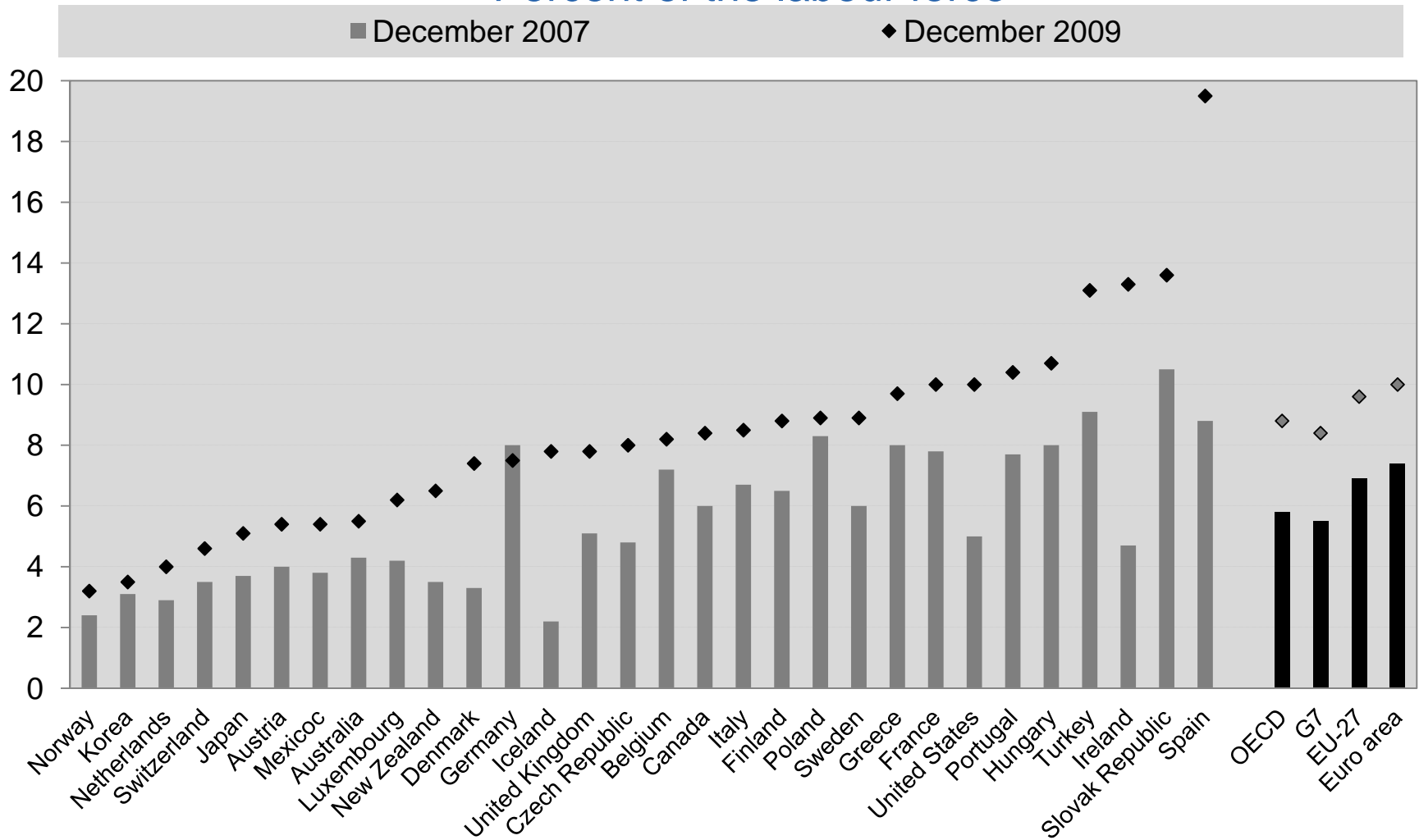
- **An unprecedented jobs crisis**
  - OECD-area unemployment rate jumped from 25-year low at 5.6% in 2007 to post-war high of 8.8% in December 2009 (+16.3 mln)
  
- **While recovery is underway, the jobs crisis is far from over**
  - OECD unemployment rate is expected to rise to 9.1% by end 2010, but still be at 8.6% by end 2011.
  
- **Bold action needed to tackle high and persistent unemployment**
  - Individuals in jobless households are 5 times more likely to be poor on average
  - Social costs go well beyond the loss of income (e.g. health, crime etc.)
  - High risk of persistent unemployment well into the recovery

# Part I

- **What are the labour market impacts of the crisis?**
  - Historical patterns and recent trends

# The unemployment impact so far differs greatly across countries

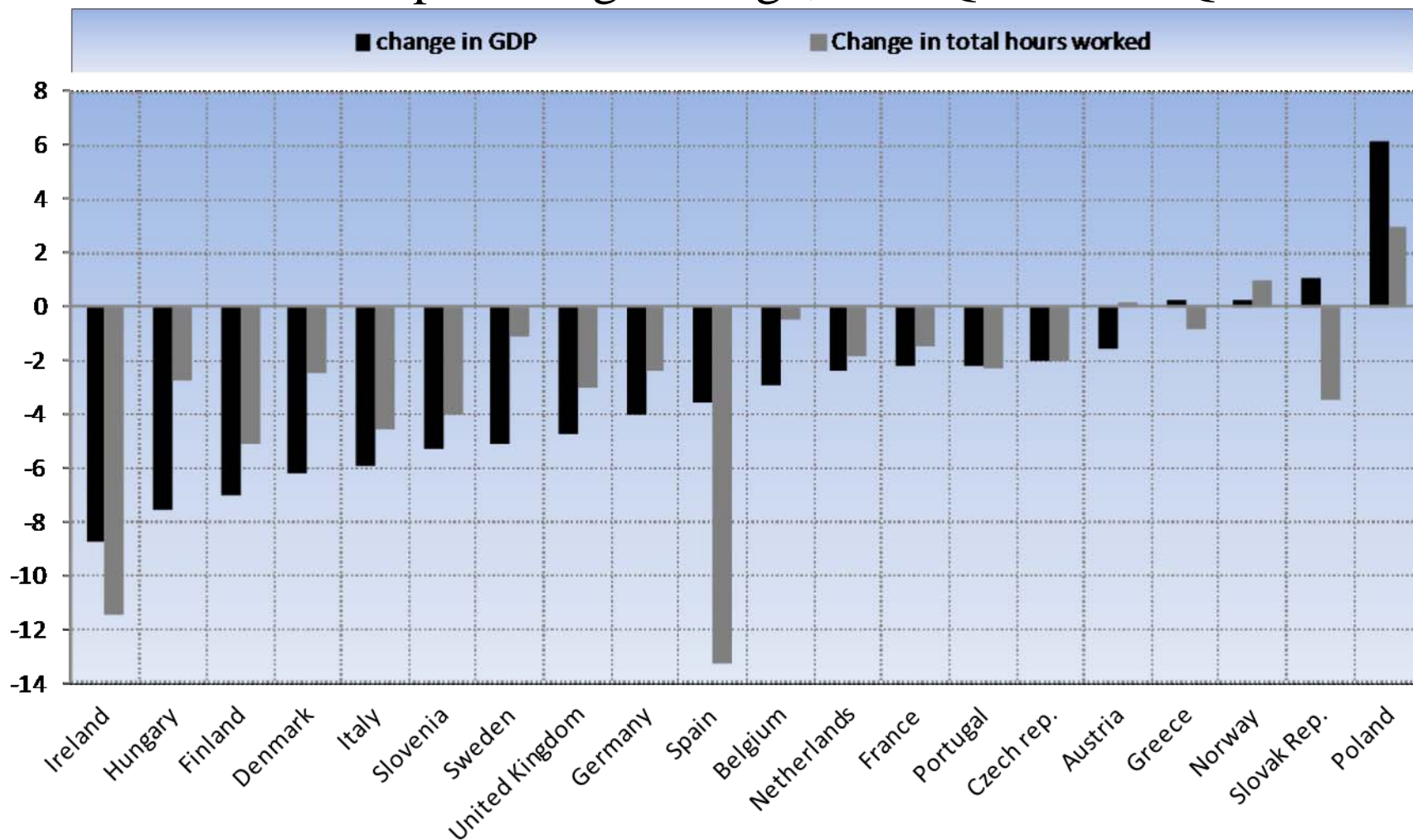
Percent of the labour force





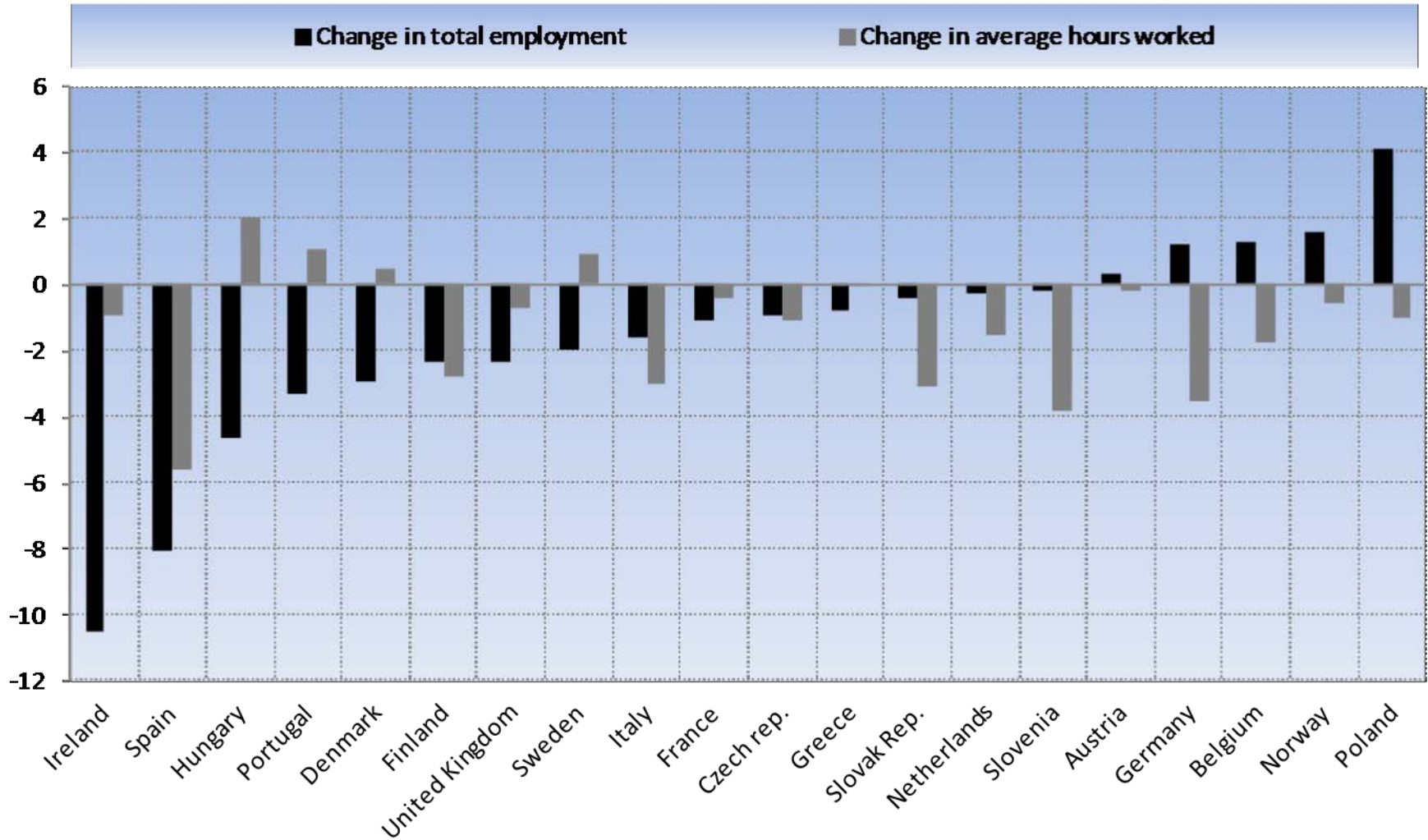
# Different responses of employment to output declines

Total percentage change, 2007Q3 to 2009Q3



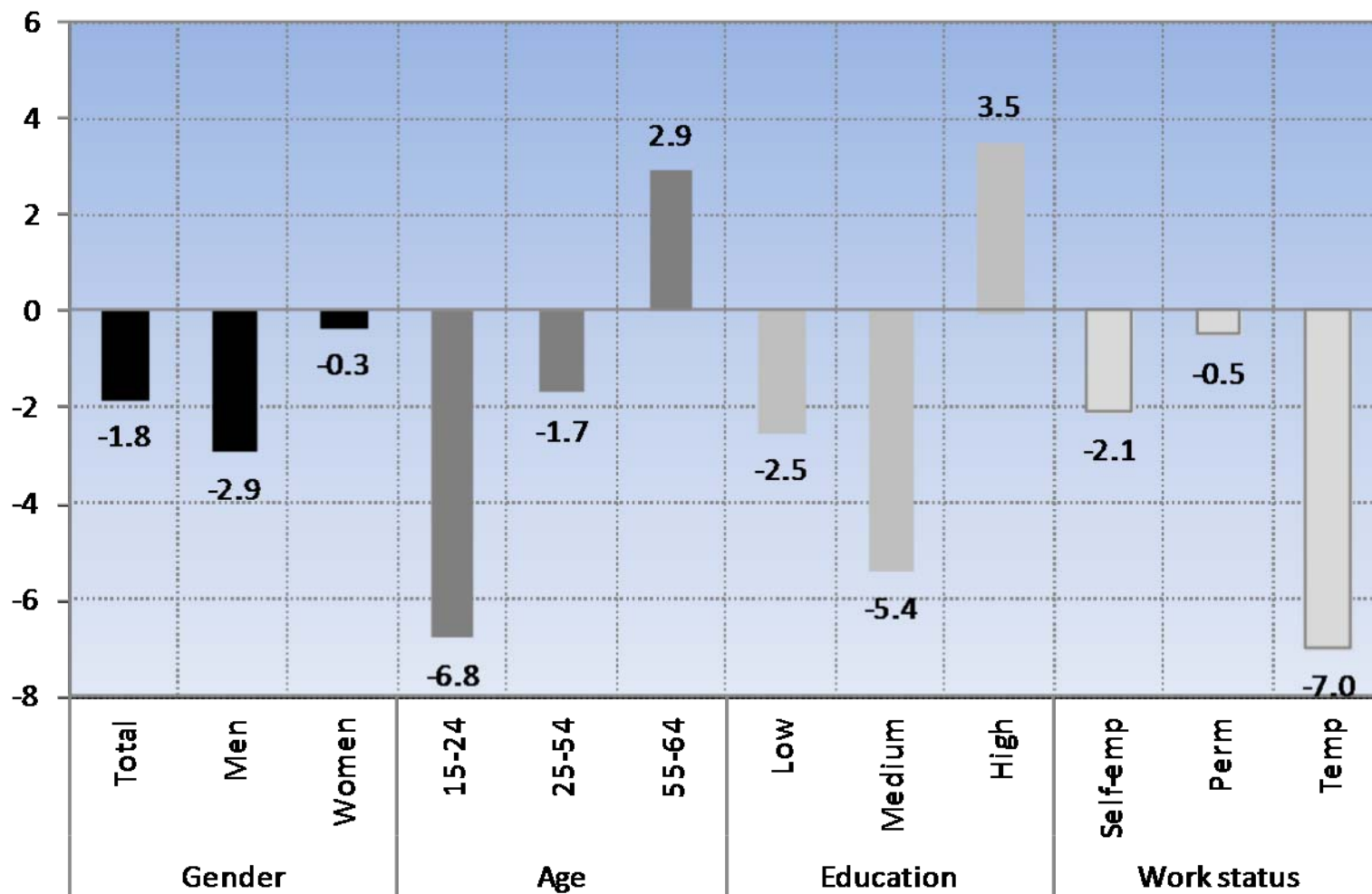
# Different margins of adj. in the labour market: employment vs. hours

Total percentage change, 2007Q3 to 2009Q3



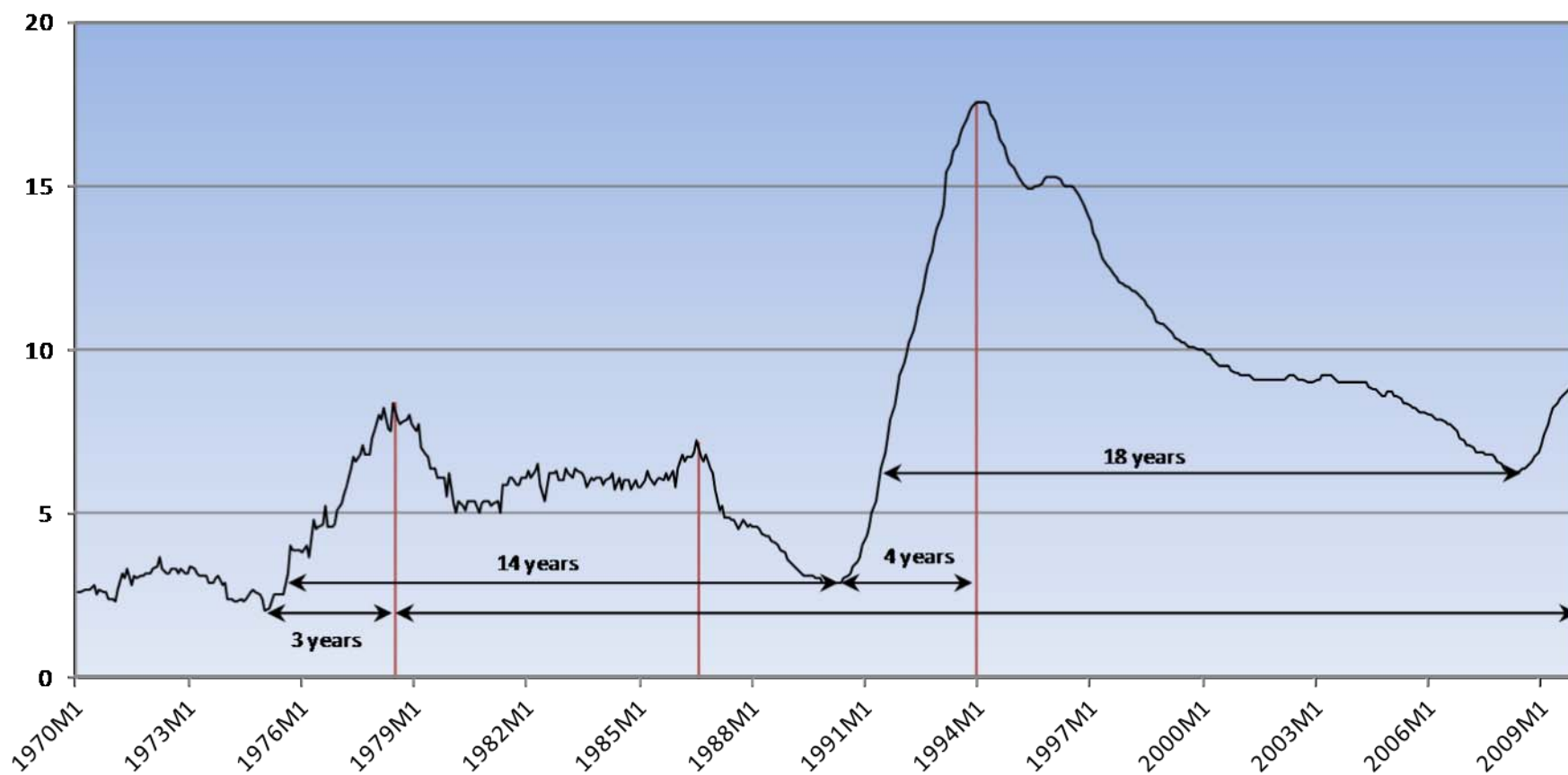
# Disadvantaged groups bear the brunt of falling labour demand

Percentage change of employment over 2008 Q2 to 2009 Q2



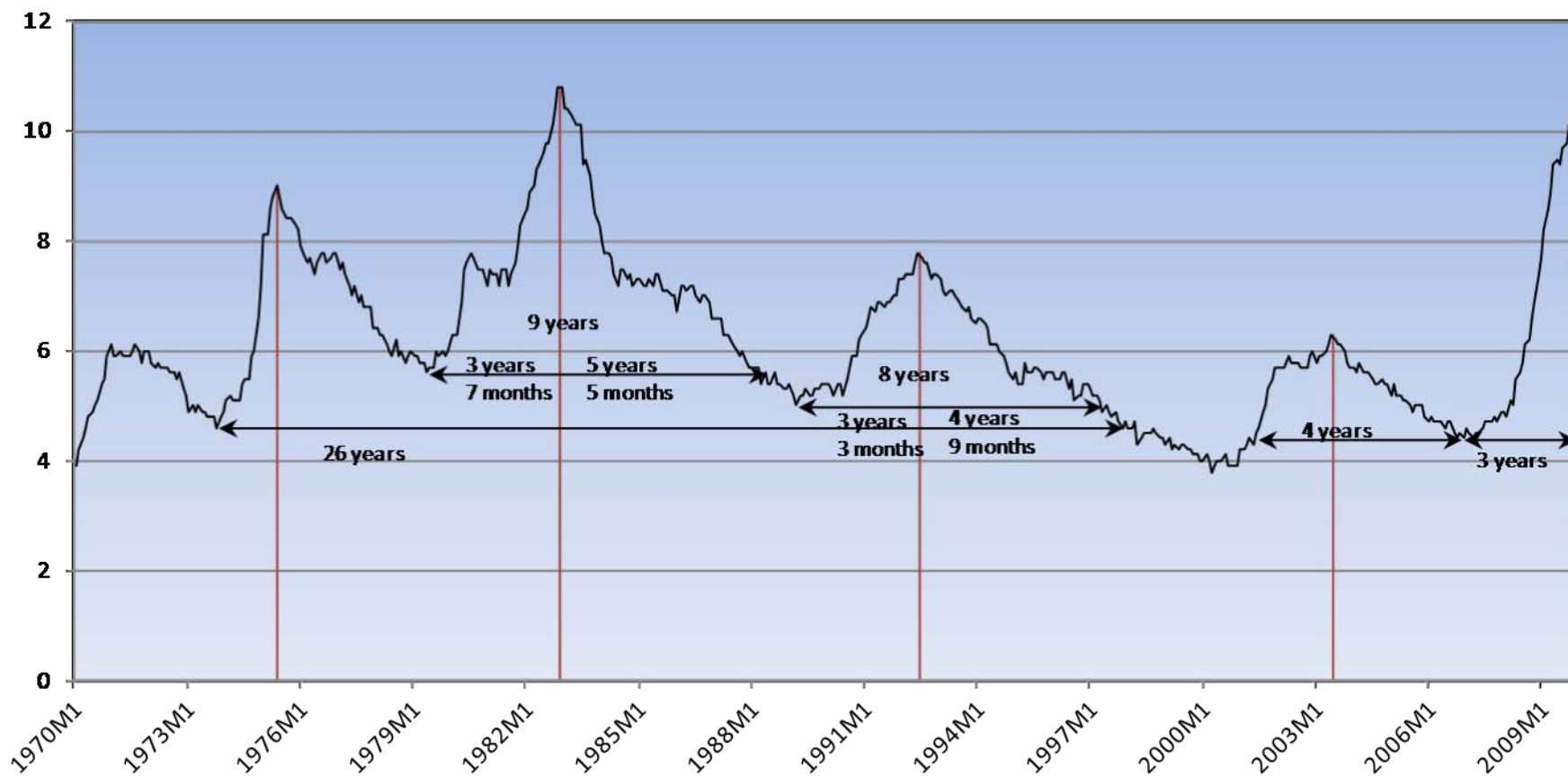
# Recession not only hurt lots of people, but also take a long time to fix

Harmonised unemployment rates in Finland, January 1970-December 2009



# Recession not only hurt lots of people, but also take a long time to fix

Harmonised unemployment rates in the United States, January 1970-December 2009



## Part II

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- **What are the policy challenges?**
  - Strategic choices and policy response

# LM policy challenges

## ■ Short-term challenges

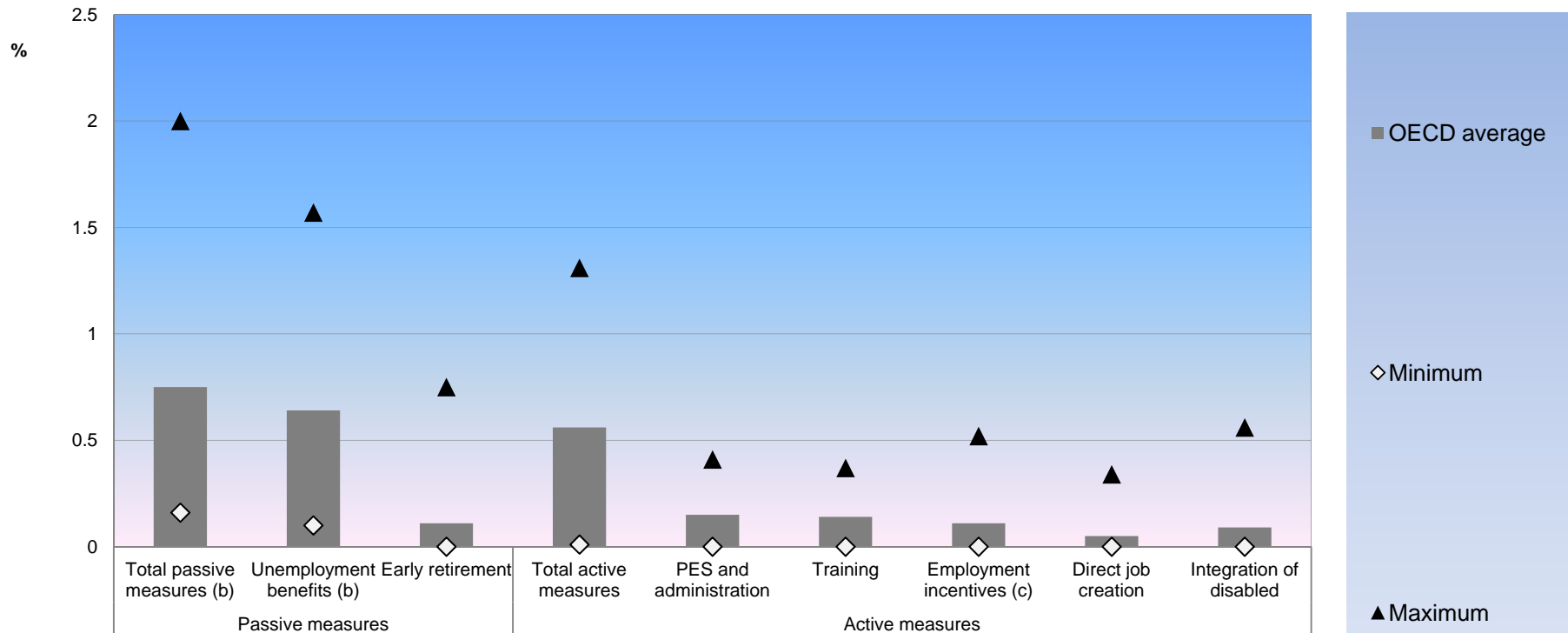
- Should labour demand policies play a major role?
- Is the social safety net adequate?
- Is the work-first approach recession-proof?

## ■ Long-term challenges

- How to avoid high unemployment from persisting?
- How to avoid undermining long-run labour supply?
- How to avoid undermining long-term labour market efficiency?

# Resources available for LM policies differ across OECD countries

- On average in 2007, 1.3% of GDP of which: 0.8% passive and 0.6% active
- Large differences across countries: from 0.01% (MEX) to 0.4% (US) to 2.8% (DEN)
- Spending on UBs exceeds spending on ALMPs in almost all countries



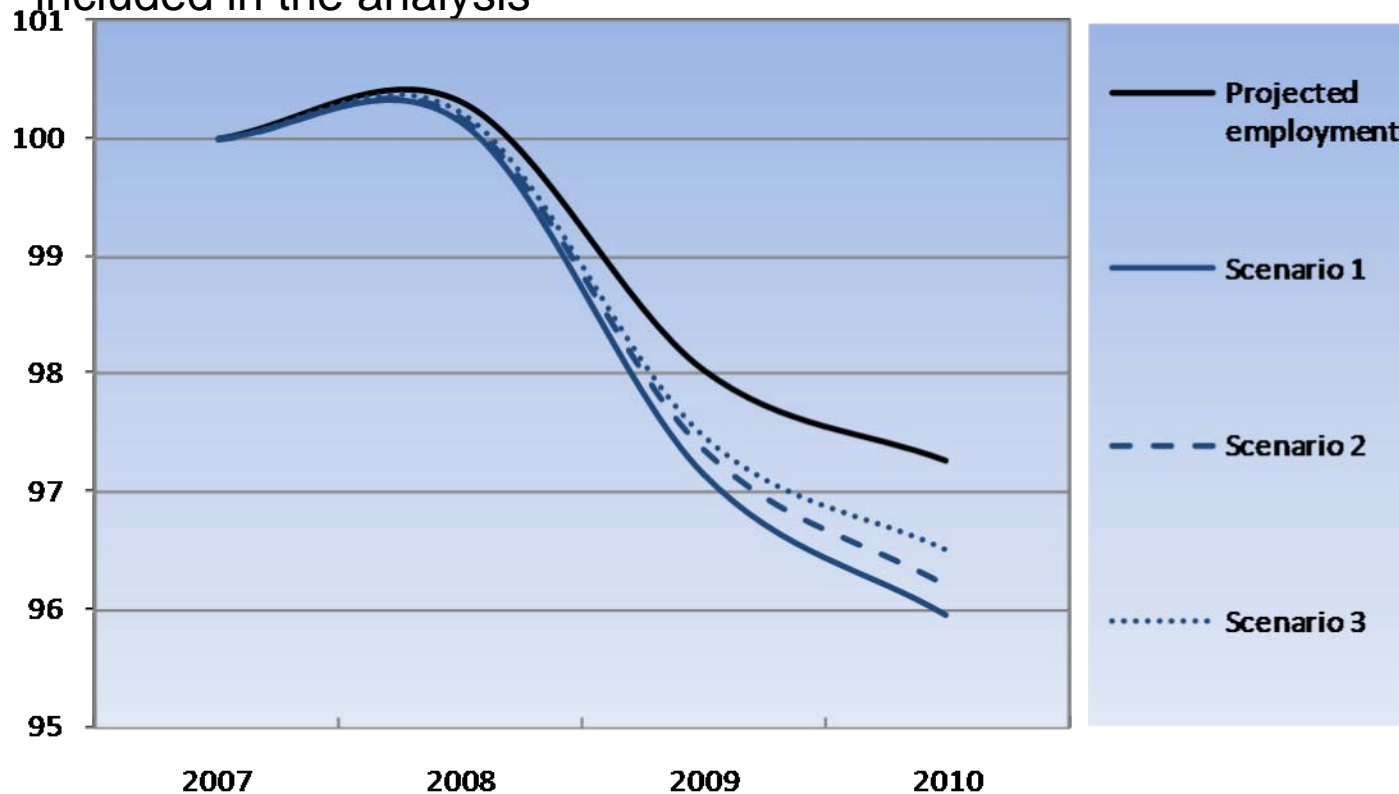


# Governments have taken many types of measures in response to the jobs crisis

	Number of OECD countries that have taken different types of measures	Number of EU-19 countries that have taken different types of measures
<b>Labour demand</b>		
Job subsidies, recruitment incentives or public sector job creation	15	12
<b>Reductions in non-wage labour costs</b>	<b>16</b>	<b>11</b>
Short-time work schemes	22	14
<b>Measures to help unemployed find work</b>		
Activation requirements	11	8
<b>Job search assistance and matching</b>	<b>21</b>	<b>14</b>
Job-finding and business start-up incentives	8	6
<b>Work experience programmes</b>	<b>11</b>	<b>6</b>
Training programmes	23	15
<b>Income support for job losers and low paid</b>		
Generosity or coverage of unemployment benefits	17	10
<b>Social assistance</b>	<b>5</b>	<b>3</b>
Other payments or in-kind support	15	9
<b>Fiscal measures for low earners</b>	<b>15</b>	<b>12</b>
<b>Other training measures</b>		
Training for existing workers	14	13
<b>Apprenticeship schemes</b>	<b>10</b>	<b>7</b>

# Supporting labour demand

- Vigorous macro-economic policy response, including large fiscal packages, to boost aggregate demand
  - Estimated to save 3.2 to 5.5 jobs in 2010 in the 19 OECD countries included in the analysis



# Ensuring that S-T measures to support labour demand are well targeted and temporary

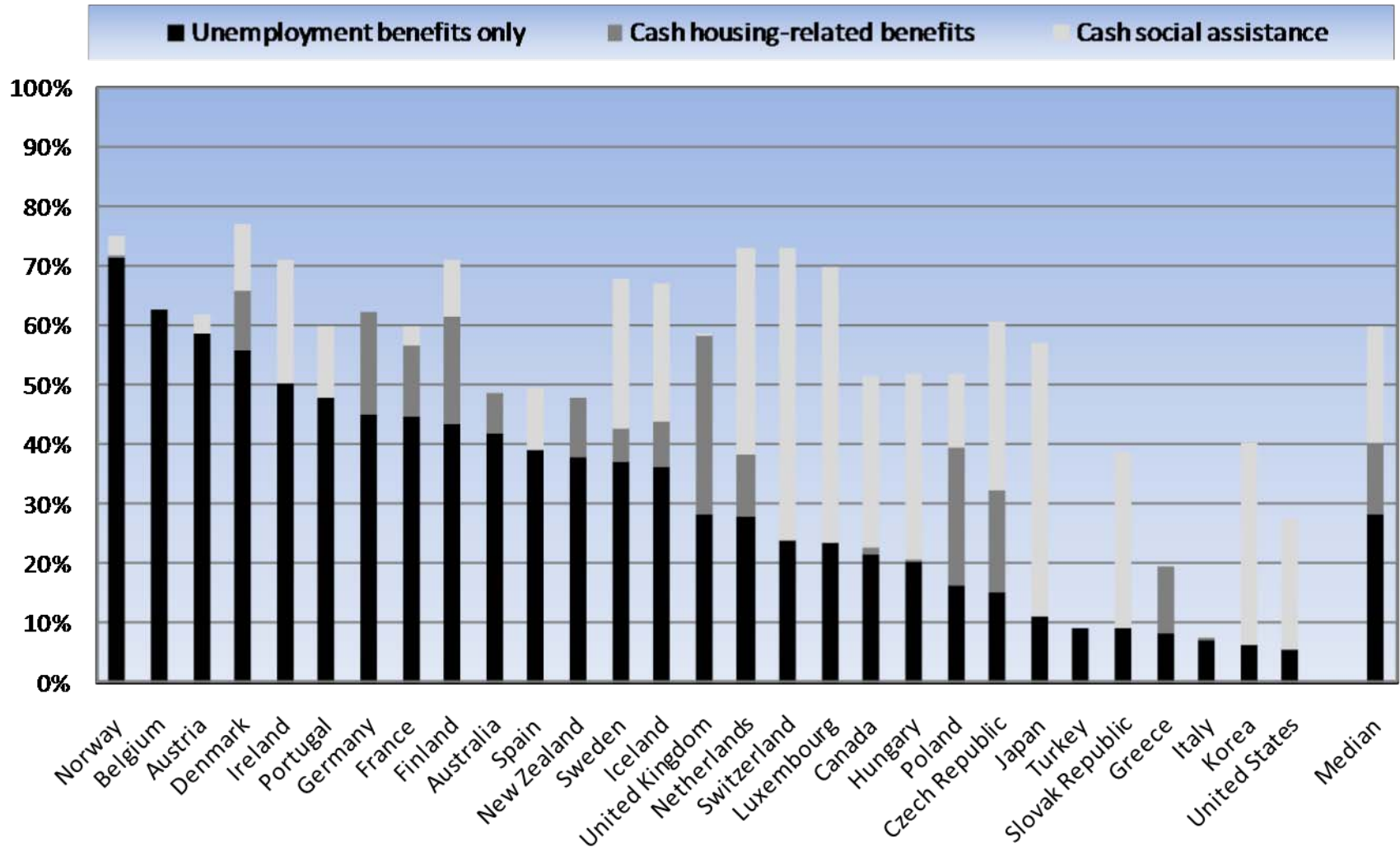
- Most OECD countries have introduced **measures to support labour demand**:
  - Subsidies for the reduction in working time (22 countries), (at peak 1.4 mln in GER, equivalent to almost 500K “jobs saved”)
  - Reductions in non-wage labour costs, in some cases targeted at SMEs, disadvantaged groups (16 countries)
  - Hiring subsidies and work experience, generally targeted at disadvantaged groups (16 countries)
- **Short-term labour demand should be unwound when recovery becomes firmly established**
  - By protecting job matches these measures have reduced socially and economically inefficient job losses ...
  - ...but risk increasing dualism (U highly concentrated on already disadvantaged groups and new entrants)...
  - ....and slow-down efficiency-enhancing labour reallocation
  - Hiring subsidies may help promoting employment for disadvantaged groups, but have to be well targeted and with strict conditions for employers.

# Providing an adequate safety net while minimising benefit dependency

- The jobs crisis leads to **longer average unemployment spells**
  - Where unemployment benefit durations are short, temporary extension of benefits during the crisis helps cut the poverty risk among LTU (CAN, FIN, JPN, PRT, US)
- **Extensions should be temporary** and targeted to the most vulnerable with enforcement of job-search requirements
- **The crisis can also be an opportunity to reform unemployment benefits** to provide a more adequate safety nets to vulnerable groups, conditional on job search, and participation in ALMPs
  - For temporary and other non-standard workers, benefit eligibility has been loosened (FIN, FRA, JPN)

# But UBs are only one element of safety nets for job losers

Average net replacement rates over a 5-year unemployment spell



# Helping job-seekers find a job

## ■ **Maintain core jobs-search assistance to help jobseekers**

- Even in recessions firms continue to create many new jobs (see EmO 2009, Ch. 2)
- Cost of job loss increases due to longer expected unemployment duration and loss of human capital
- Many countries made good progress prior to the crisis in implementing effective back-to-work policies
- Don't relax activation strategies; adapt them

## ■ **For those at risk of LTU, re-employment services need to be adapted to specific conditions of slack labour market**

- Some shift in emphasis from “work-first” approach to “train-first approach” through training and work-experience programmes: Negative effects of programme participation on job-search less of an issue in recessions
- Helps provide jobseekers with “the new skills for the new jobs” in the recovery

→ **Requires more resources for ALMPs**

# Inappropriate government responses can undermine labour supply

- **Allowing the unemployed to drift into LTU and inactivity**
  - Essential to maintain mutual-obligations approach (“bend but not break”)
  
- **Early retirement schemes and exemptions from job search of older UB recipients**
  - Did not free up jobs for youth and took a long time to unwind
  - So far so good?
  
- **More recently, large inflows of WA persons into sickness and disability programmes**
  - Some countries have made reforms aimed at promoting employment and employability of people with remaining work capacity
  - Will they stay the course?

# Helping youth “ride out the storm”

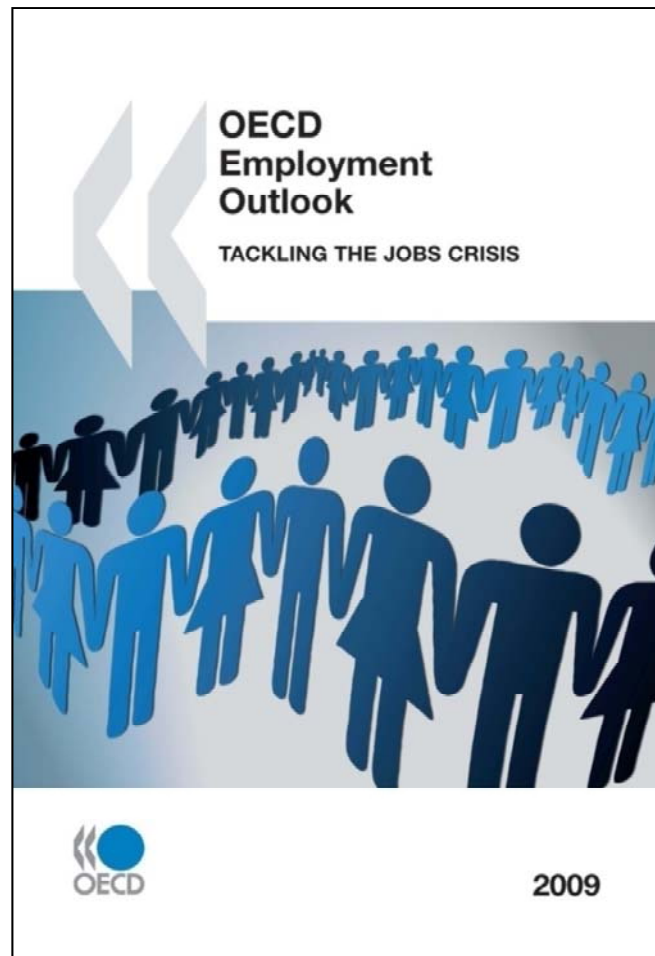
- **Youth unemployment has increased disproportionately in many countries**
  - Youth E twice as sensitive to cycle as that of prime-age workers
  - Youth UR much higher than other groups (e.g. above 40% in Spain; around 25% in France, Ireland, Italy)
  
- **Need for decisive actions targeted on at-risk youth**
  - Efforts to prevent youth entering the LM without qualifications should be redoubled (e.g. second-chance school, subsidies for apprenticeships for un-skilled youth)
  - Out-of-school youth should have access to appropriate ALMPs even if they do not qualify for unemployment benefits



# Concluding remarks

- Governments are intervening actively to minimise the scale of the jobs crisis
- Some have been more successful to date than others
- With the recovery in sight, governments must not reduce their efforts to tackle high and persistent U and some countries may have to do more
- Governments must tackle the jobs crisis without undermining LM inclusion in the long-run
  - Discretionary LM policy measures should be *timely, temporary and targeted*
  - A severe recession such as currently underway also requires a sufficiently *strong* response
- Need to pursue reforms in labour and product markets.
  - Spain is a classic example (reform/rebalancing of employment protection)
  - But is there sufficient political will?

# Thank you!



[www.oecd.org/els/employment/outlook](http://www.oecd.org/els/employment/outlook)



# Transparency and Integrity in the Corporate Sector: The Role of Corporate Governance

Daniel Blume, OECD Corporate Affairs  
Division

OECD High-Level Parliamentary  
Seminar

18 February, 2010

# Overview

- 1) What role does the OECD play on corporate governance?
- 2) What lessons emerge on corporate governance and its role in the financial crisis?
- 3) What issues should Parliaments be considering?



# OECD's role in corporate governance

- Driven in part by financial crises and corporate scandals:
  - *OECD Principles of Corporate Governance* developed in late '90s following financial crises in Asia, Russia, Mexico.
  - Extensive Corporate Governance Roundtables focused on emerging markets.
  - Enron, Worldcom and Parmalat scandals reminded OECD countries that CG just as important for them.
  - CG Principles revised and strengthened in 2004, and adopted as global recommendation by the Financial Stability Forum (Board).
  - *Complementary Guidelines on Corporate Governance of State-Owned Enterprises*

# What do CG Principles target?

- Interface between market and government (policy-makers, regulators, stock exchanges, investors and companies).
  - Ensuring an effective cg framework
  - Rights and equitable treatment of shareholders
  - Role of stakeholders
  - Disclosure and transparency
  - Responsibilities of the board

# OECD views on corporate

## governance after the financial crisis

- Along with macroeconomic drivers, corporate governance failures played a very relevant role in this crisis:
  - Severe weaknesses in what were considered to be sophisticated institutions.
  - many corporate governance tools (independent directors, shareholders' activism, board committees) proved to be ineffective faced with unexpected pressures and strong conflict of interests.
- While many of the corporate governance failures were connected to financial companies, most of the structural weaknesses are common to large and complex listed companies.
- The overcoming of corporate governance weaknesses is a key element of an effective response to the crisis and it has been established as one of the main goals of international initiatives (namely FSB).

# OECD Steering Group response

- On the basis of a fast track report on corporate governance lessons of the financial crisis, the Steering Group's first conclusions were that:
  - the most relevant corporate governance failures are mostly due to implementation gap of existing rules and standards.
  - while certain rules and regulations can be improved, this is not the main problem; such improvements should be accompanied by an effective regulatory impact analysis.
  - Just revising the OECD Principles after every corporate governance scandal is not the best use of OECD's resources nor an effective way to adopt a forward looking approach.
  - However, the OECD will adopt new "implementation guidance" on specific issues relevant to the crisis following wide consultation.





# Implementation guidance on four main issues

- The governance of **remuneration**
- Implementation of effective **risk-management**
- The quality of **board practices**
- The exercise of **shareholder rights**
  
- **Agreement very close but not yet final**

# What role for Parliaments?

- Effective legislation a major challenge: the complexity of corporate governance issues and the risk of unintended consequences:
  - Regulating one aspect of pay may lead to shifts to others;
  - Regulating independence or quality of board members difficult
  - Can't force shareholders to be active and vigilant, but can facilitate



# Regulatory Impact Analysis: a key corporate governance priority

- Over-regulation can lead to unintended consequences, e.g. excessive cost can lead to de-listing, harm capital markets; but risk also of insufficient regulation or inadequate capacity to implement
- RIA can be ex-ante or ex-post

# Next steps for OECD on CG

- Comparative peer reviews on hot topics: board incentives and remuneration.
- Support effective rather than excessive regulation.
- Continued efforts to monitor and promote implementation of Principles of Corporate Governance globally.
- Increased emphasis on cross-cutting issues:
  - CG, corporate responsibility and MNE Guidelines
  - CG and tax
  - CG of SOEs and competition

A light blue world map is centered on the page, with a horizontal line passing through the middle of it. The map shows the continents in a darker shade of blue against a lighter blue background.

# The OECD Green Growth Strategy

**Rob Visser**  
**Acting Director**  
**OECD Environment Directorate**



*For a stronger, cleaner, fairer world economy*



## Why Green Growth?

- Recognition that current environmental challenges and resource use pose problems for long-term economic growth
- Cost of inaction

# Why Now Green Growth?

- Global crises (economic, climate, oil, food) have highlighted the need to look for a new growth paradigm
- OECD Green Growth Declaration (June 2009, Finance Ministers)
- G8, G20

# OECD Green Growth Strategy?

Help countries to:

- Promote economic growth while reducing GHG emissions, pollution and inefficient use of resources, and maintaining biodiversity
- “Decouple” economic growth and environmental impacts
- Shift in paradigm  
(agriculture → industry → service → green)



# Elements of OECD Green Growth Strategy

- A policy framework for Green Growth
- An expanded growth accounting model
- Toolkit of policies and approaches that countries can use to better balance economic efficiency, environmental effectiveness and social equity



# Policy Priorities

- New Growth Accounting Framework
- Industrial Restructuring
- Employment
- Social Equity



# Growth Framework

- Include Environmental Capital/Services in Production Accounting
- Measure of Income to Take into Account Depreciation of Stock of Environmental Capital
- Quality of Life/Well-Being Considerations

# Industrial Restructuring

- Greener Technology
- Greening Key Sectors – maximising opportunities
  - Energy - Energy efficiency and renewable energy
  - Transport
  - Agriculture
  - Fisheries
  - Industries
  - Tourism



# Employment

- Greener Jobs
- Winners/Losers/Trade Offs
- Skills Development
- Labour Market Balance



# Social Equity

- Labor and social policies
- Distributional impacts
  - Income groups
  - Skills categories
- Global Poverty Reduction



# Ancillary Benefit: Fiscal Consolidation

- Green Taxes
- Removal of Environmentally Harmful Subsidies



# A Toolkit for Reform

- Internalizing Externalities – Getting the Prices Right
- Framework Conditions
- Innovation
- Development
- Indicators



# Getting the Prices Right

- Carbon price
- Taxes, Environmentally harmful subsidies, Emission trading systems
- Valuation of Ecosystem services
- Address market failures - regulation

# Framework Conditions

- Greener Investment and Policy Framework for Investment
- Liberalisation of trade of green goods and services (Export credits)
- Greener Production (MNE Guidelines)
- Greener Consumption – Information
- Greener Public Procurement
- Multilayer Governance
- International transfer of technology



# Innovation

- R&D Support
- ICT
- Eco-innovation
- Technology Transfer and Dissemination
- Policy recommendations in the OECD Innovation Strategy

# Development and Green Growth

- Health Benefits
- Technology Transfer and IPR
- Green Protectionism
- Integrate Green Growth in Development Co-operation

# Measuring Green Growth

- Beyond GDP
- Resource Efficiency
- Environmental Aspects
- Environmental Impacts of Consumption
- Well-being – Stiglitz/Sen Commission



# OECD Contributions

- Analysis
- Policy Framework
- Toolkit
- Peer Reviews
- Best Practices
- Indicators

# Involvement Beyond OECD

- Enhanced Engagement Countries  
(Brazil, China, India, Indonesia, South Africa)
- Other Non-Members
- Stakeholder (business and industry, trade unions, environmental and consumer NGOs)
- IGOs (UNEP, WB, ILO)



# OECD Horizontal Project

- All Directorates Involved
- IEA, NEA, ITF
- 25 Committees





# Schedule

- May 2010 – Interim Report to MCM with Preliminary Analysis
- May/June 2011 – Final Report on Green Growth Strategy to MCM

# Conclusion

- The Green Growth Strategy is not the end, but the beginning of efforts for greening the economic model
- [GreenGrowth@oecd.org](mailto:GreenGrowth@oecd.org)



# Recent Developments and the Outlook for the Global Economy

**Presentation at OECD High-Level  
Parliamentary Seminar**

18 February 2010

Pier Carlo Padoan  
OECD Chief Economist

# Outline

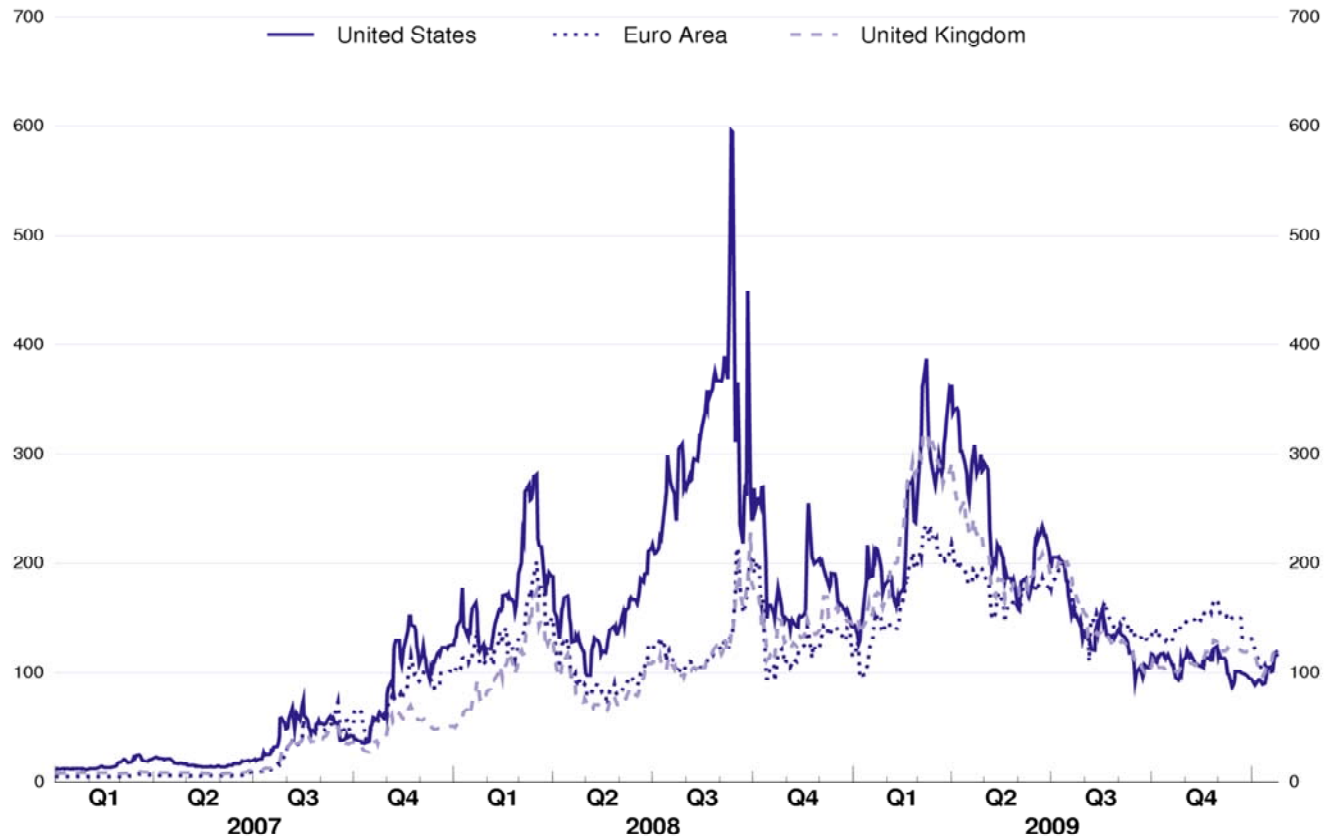
- Recent indicators point to a sustained, but fragile, near-term recovery in the OECD area
- Emerging markets have bounced back in earnest but cannot sustain the global recovery indefinitely
- Sustaining the recovery while withdrawing policy stimulus; the mix of exit strategies and the reasons for fiscal consolidation

## The recovery is ongoing

- The recovery is likely to remain fragile in the OECD area in the near term
- The outlook for inflation is being shaped by considerable economic slack
- The labour market is in general weak, although unemployment is likely to have peaked in the United States

# Financial market conditions have improved, but headwinds should not be ruled out

Bank credit default swap rates, basis points

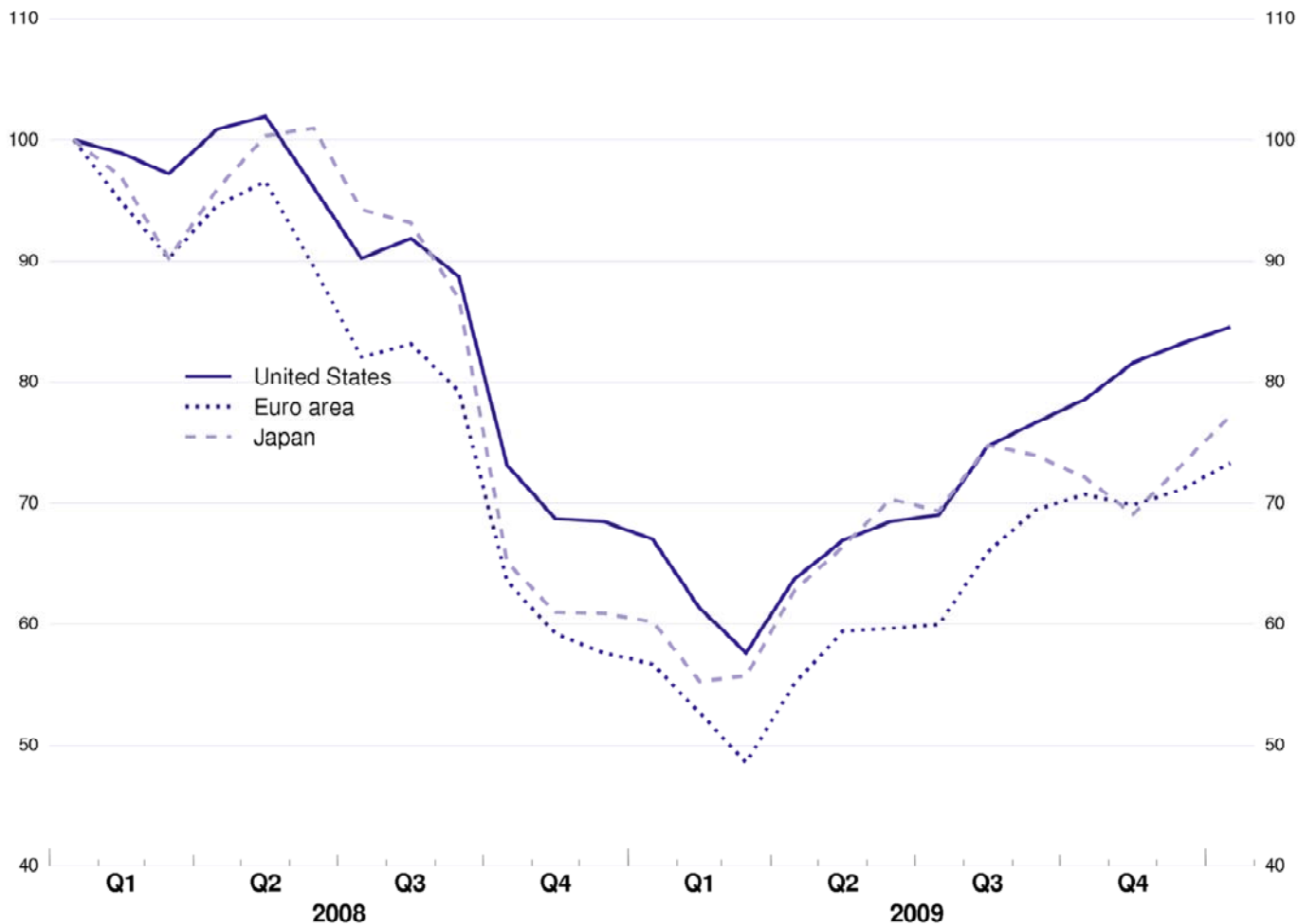


*Note:* Banking sector, 5-year credit default swap rates.

*Source:* Datastream.

# Share prices continue to trend upwards

Indices (January 2008 = 100), monthly averages

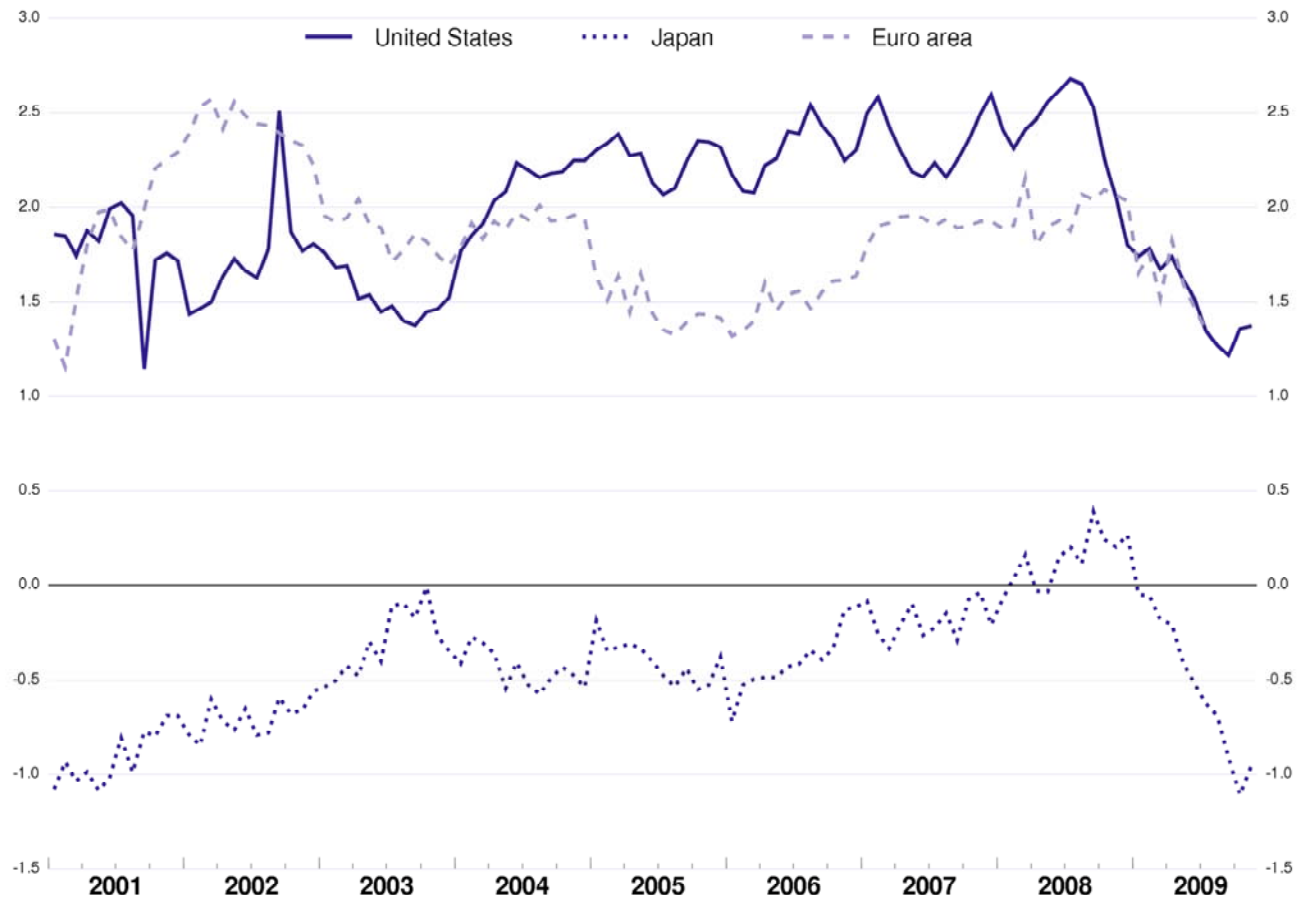


*Note:* The indices used are Dow Jones Industrials (United States), Nikkei 225 (Japan), DJ Euro Stoxx (Euro Area).

*Source:* Datastream.

# Inflation remains low in the OECD area

Core inflation (CPI), 12-month percentage change

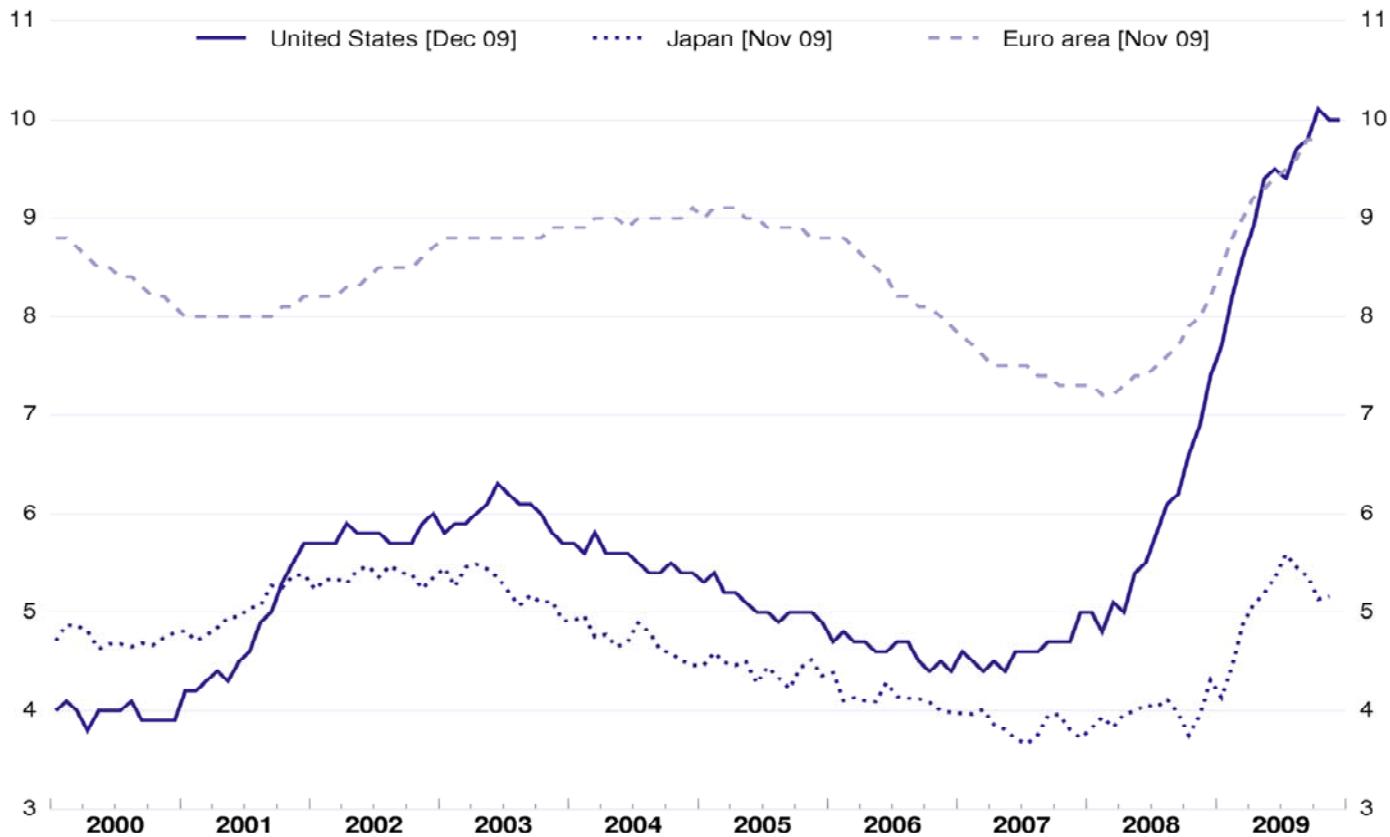


Source: OECD, Main Economic Indicators database.



# Labour markets are weak

Unemployment rate, per cent



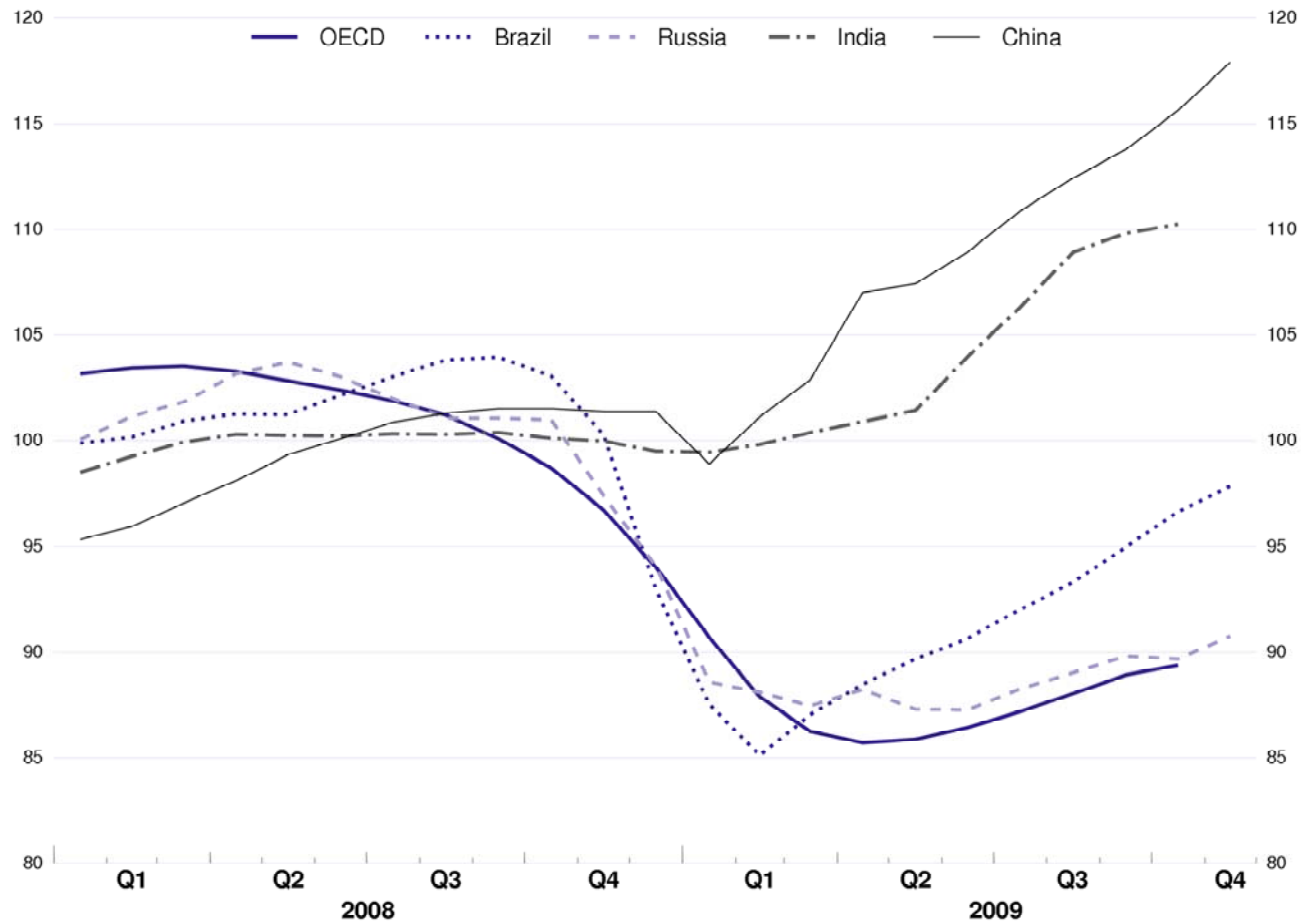
Source: OECD, Main Economic Indicators database; and Datastream.

# Emerging markets are recovering in earnest

- Emerging markets were not left unscathed by the crisis, but they are recovering vigorously on the back of strong policy support
- Growth in emerging markets has underpinned a rebound in world trade; Chinese demand is shifting towards domestic sources
- The policy stance is set to become gradually less accommodating in those countries where the recovery is well under way

# Activity has bounced back...

Industrial production index, 2008 = 100, three-month averages

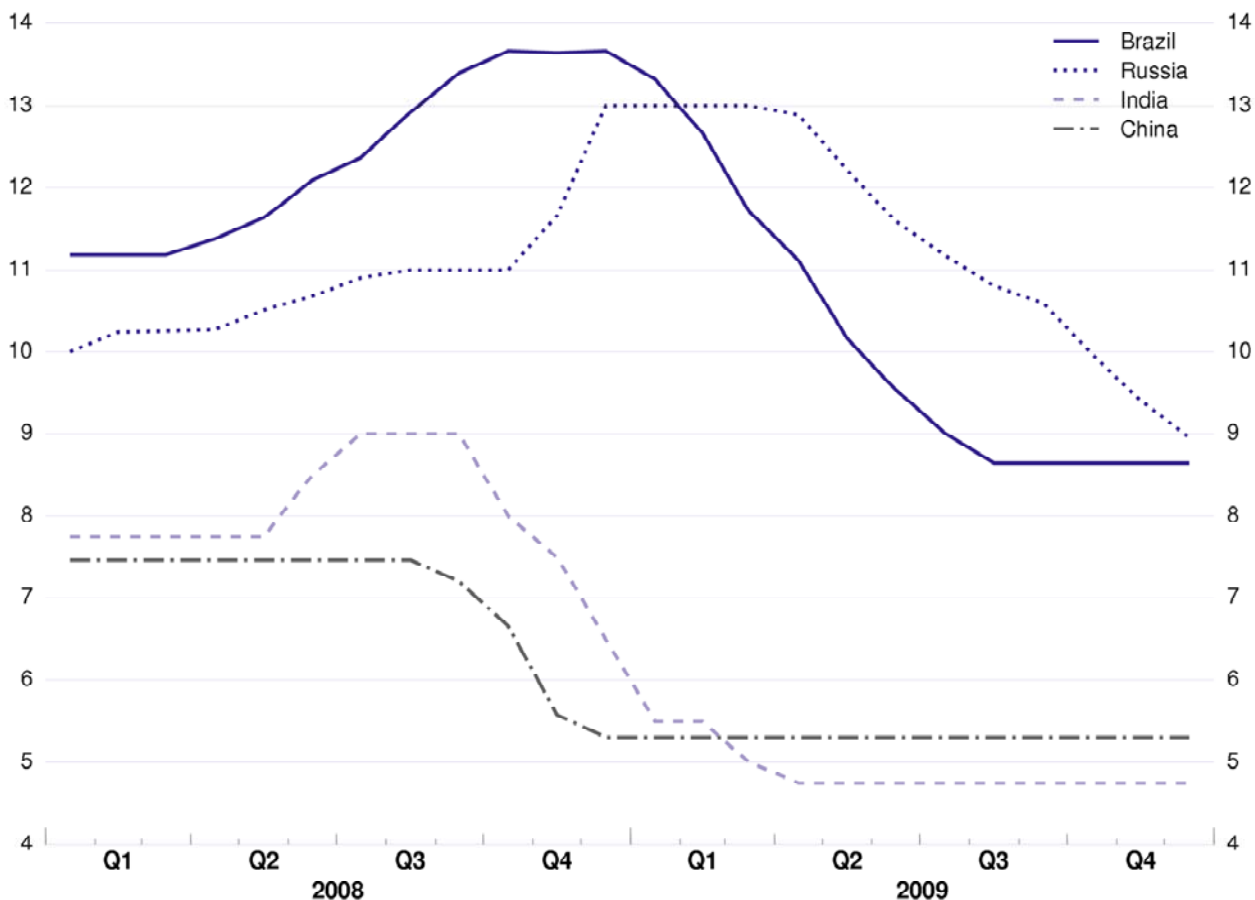


*Note:* Seasonally adjusted series.

*Source:* OECD, Main Economic Indicators database; and Datastream.

# ... owing to a relaxation of monetary policy...

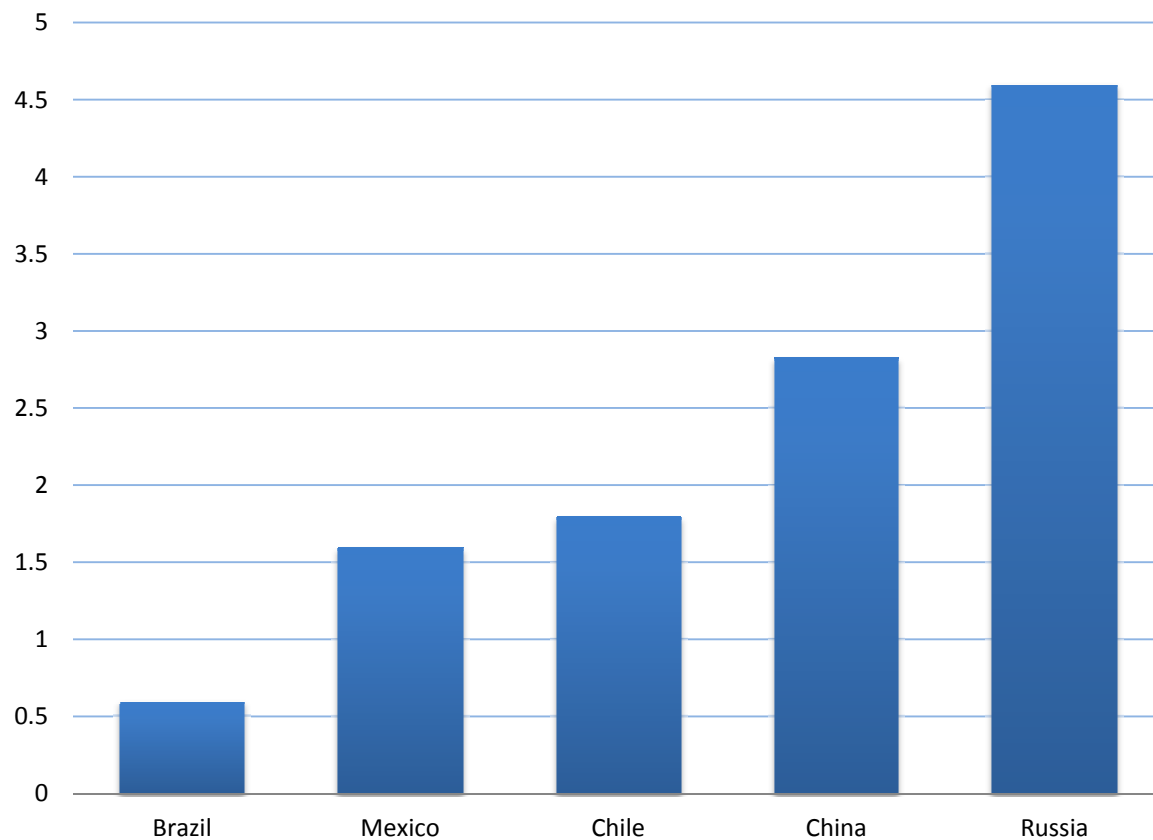
Policy interest rates, in per cent



Source: Central Bank of Brazil, Central Bank of Russia, Reserve Bank of India, and People's Bank of China.

## ... and discretionary fiscal support

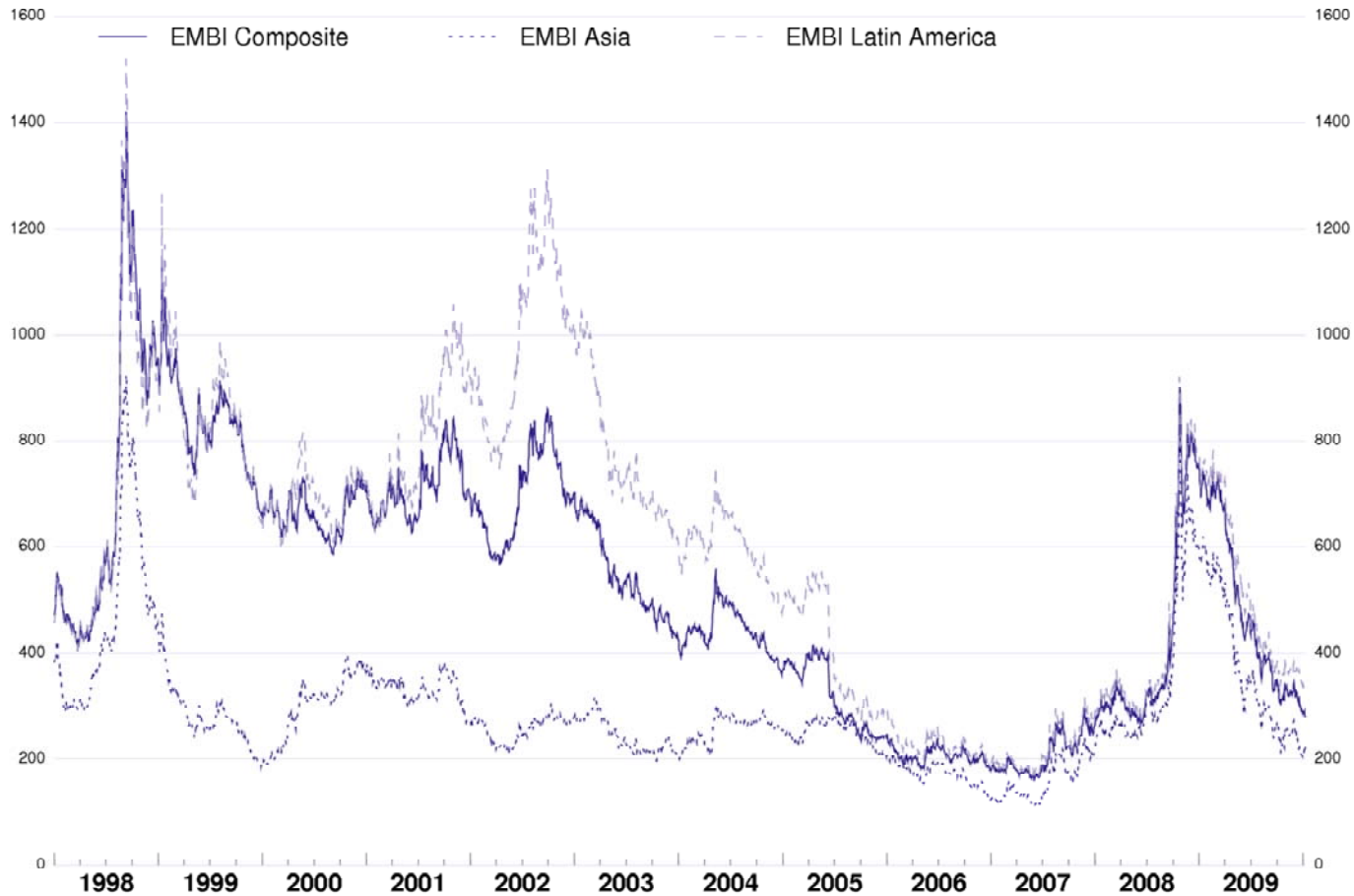
Fiscal support packages, in per cent of GDP



Source: OECD Secretariat.

# Emerging-market bond spreads have come down

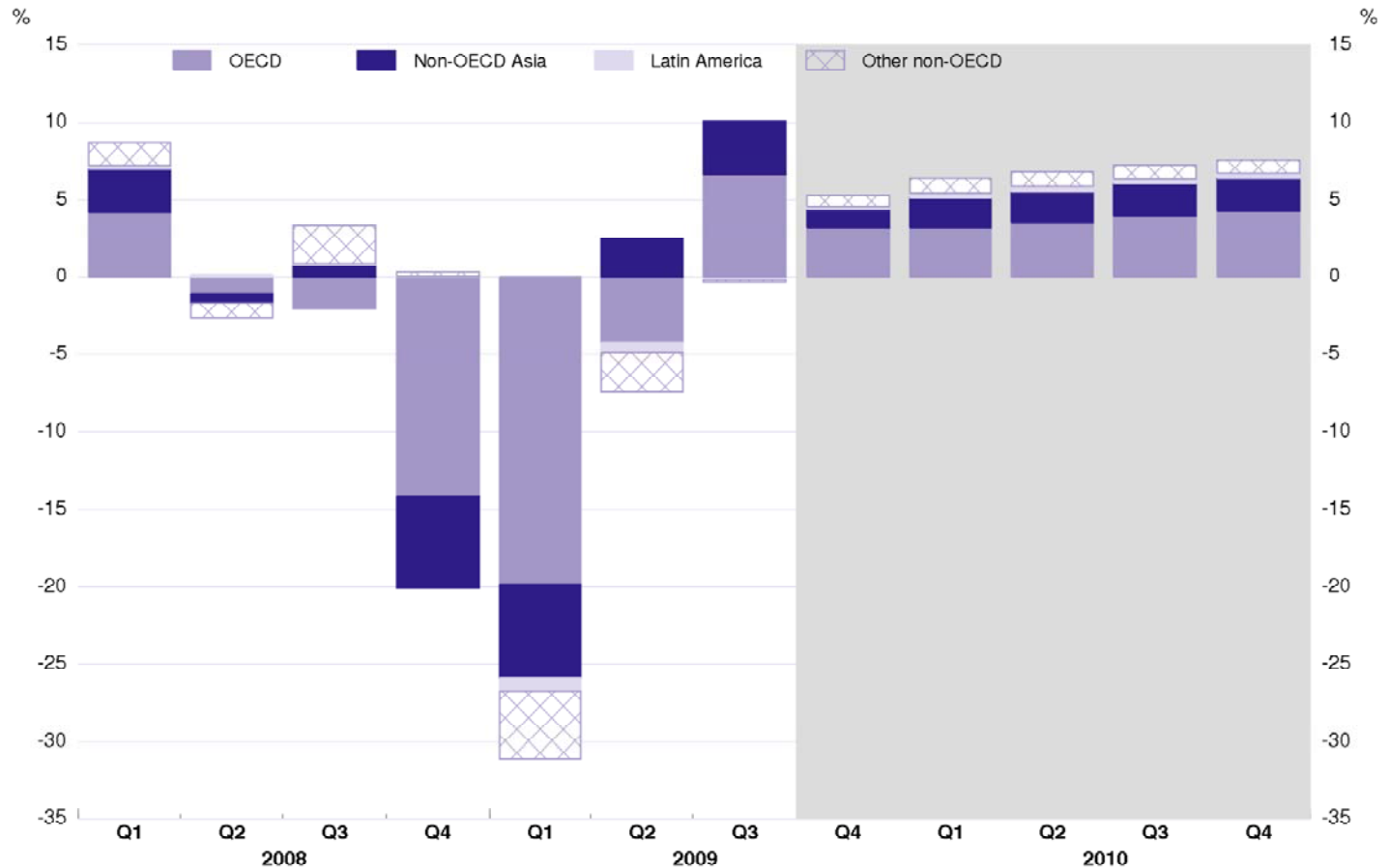
## JPM EMBI Global Diversified stripped spreads



Source: JP Morgan.

# Strong growth in emerging markets has triggered a rebound in world trade

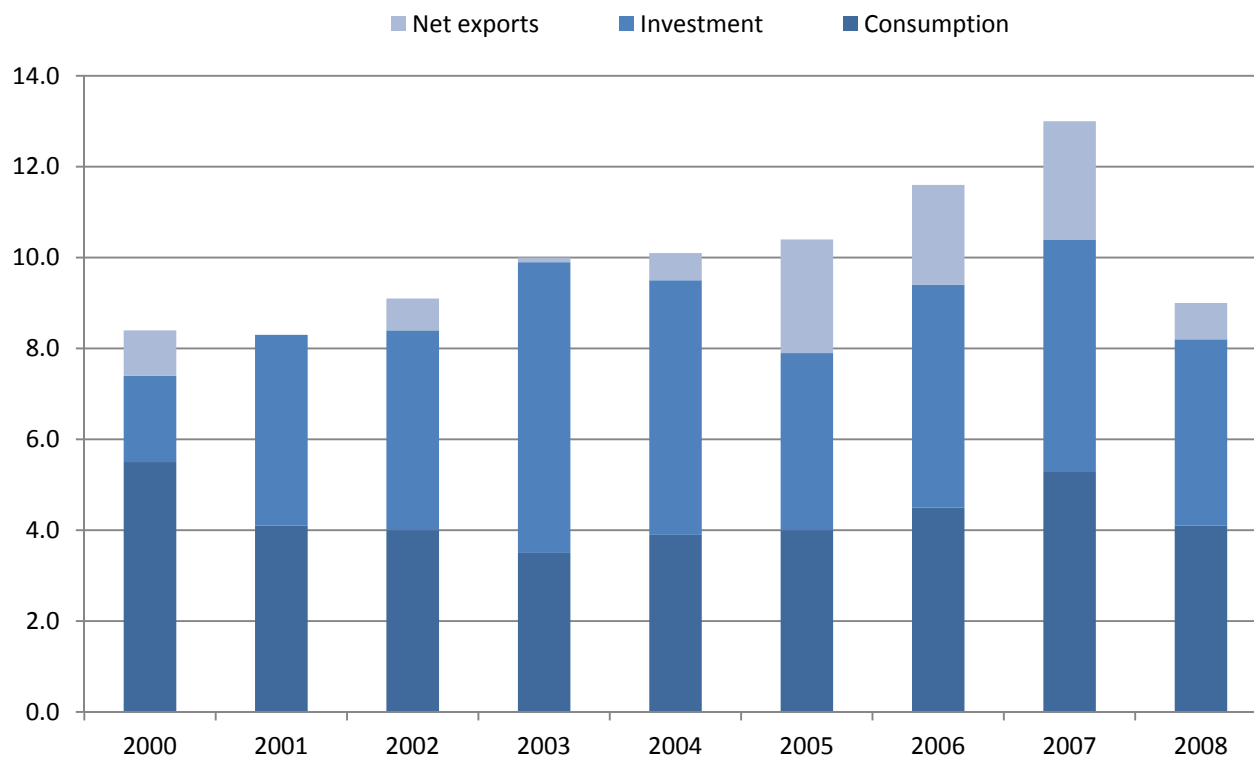
Contribution to world trade volume growth,  
Annualised quarterly growth rate, in per cent



Source: OECD Economic Outlook 86 database.

# The composition of Chinese demand has shifted towards domestic sources

Contribution to GDP growth, in per cent



Source: National Bureau of Statistics of China.



## Interdependencies in the recovery

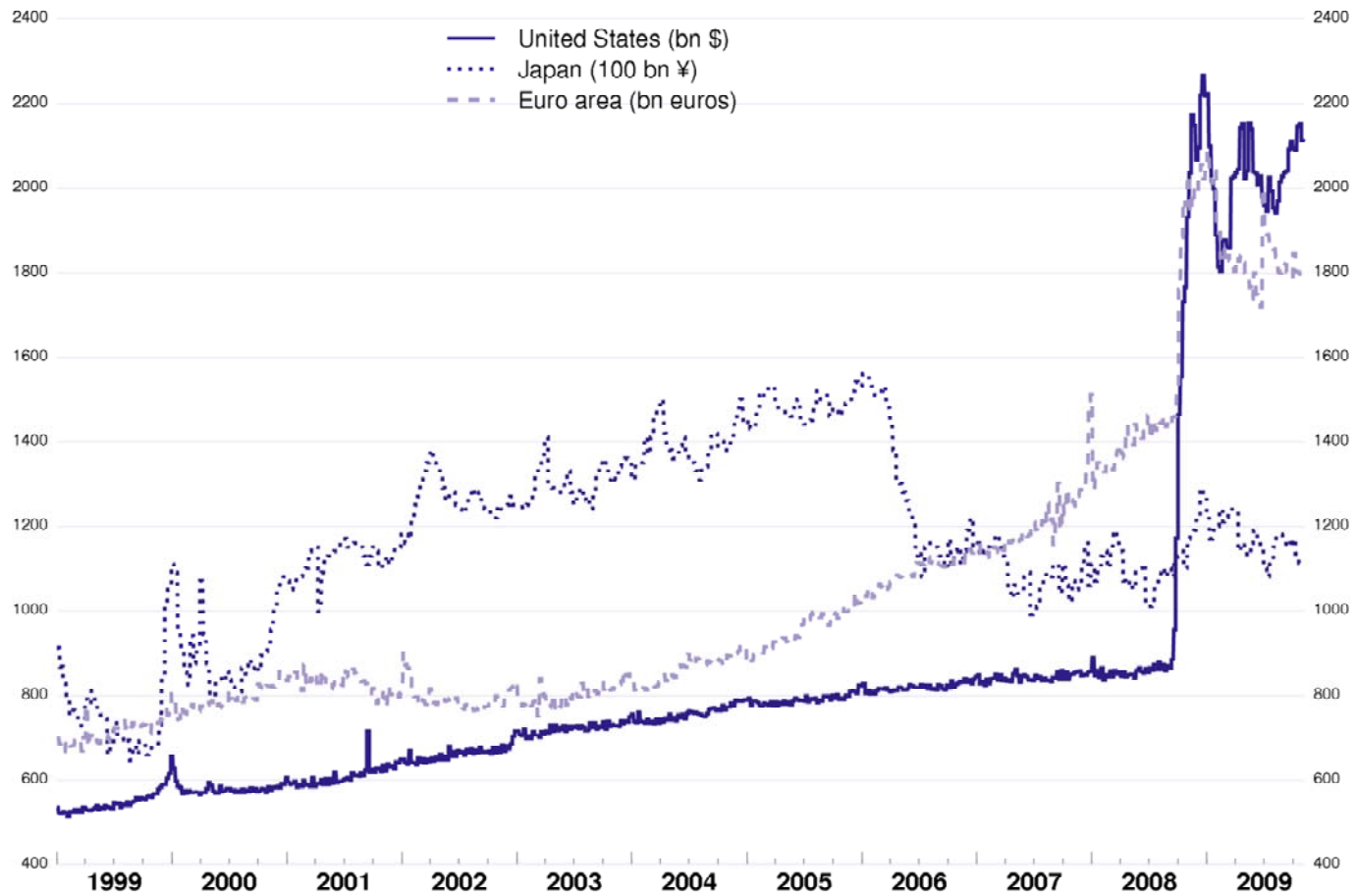
- The crisis has shown that there are strong interdependencies between emerging-market and mature economies
- Global imbalances have narrowed in the downturn but are set to rise again
- Emerging-market economies, especially China, cannot sustain the global recovery indefinitely

## Exit from policy support

- The key challenge is to ensure that the recovery is self-sustained, rather than policy-driven
- Policy normalisation will require concerted action in several policy domains: removal of conventional and unconventional monetary support and fiscal consolidation
- Monetary authorities have recently announced, or started preparing, the exit from unconventional measures
- Fiscal stimulus plans should continue to be implemented as intended for 2010, because the recovery is fragile
- Fiscal consolidation needs vary across countries, but it should be paced and contingent on the strength of the recovery

# The exit from unconventional monetary policy is being prepared

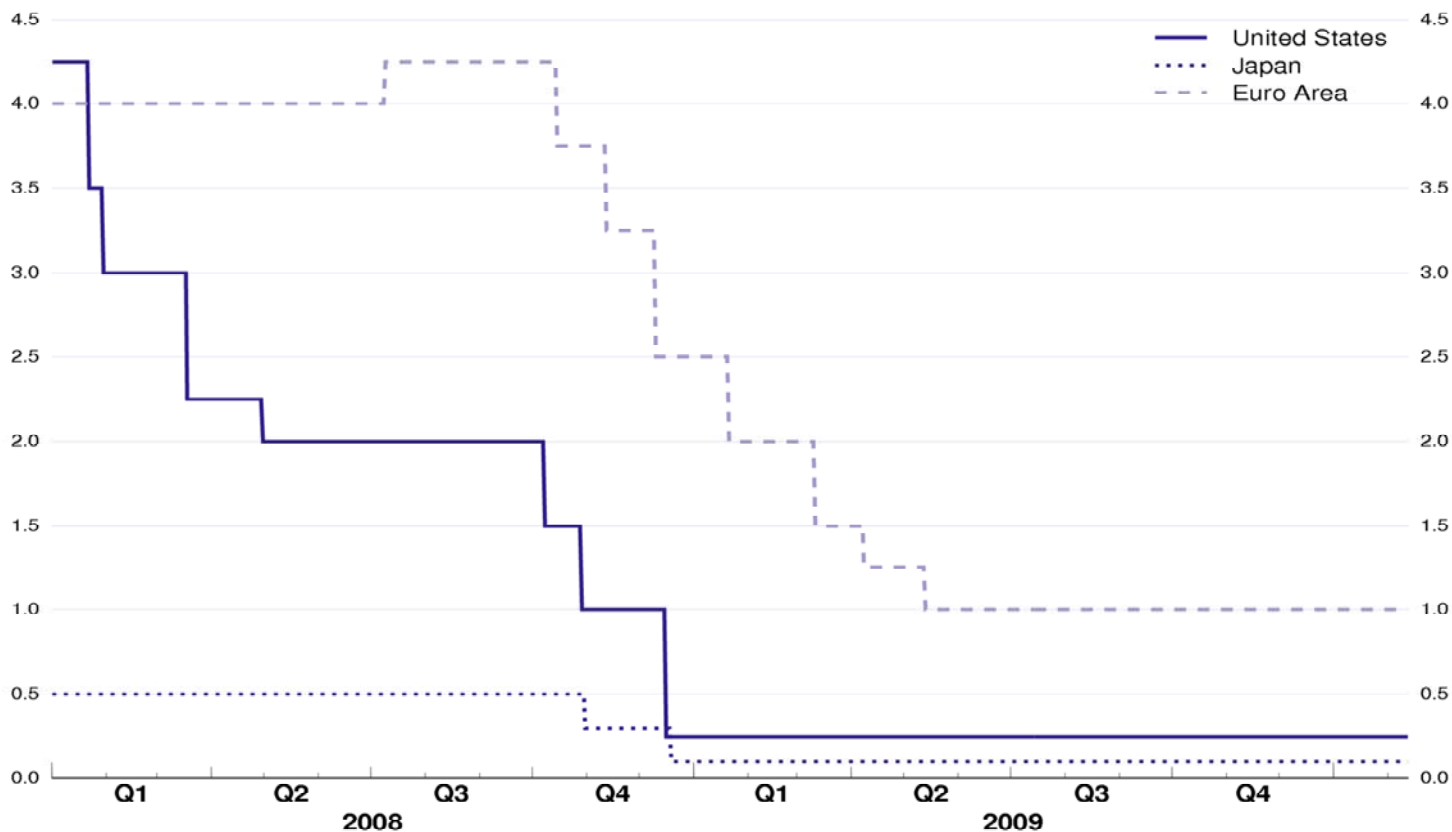
## Total central bank balance liabilities



Source: Datastream.

# Policy rates stay at historically low levels in the OECD area

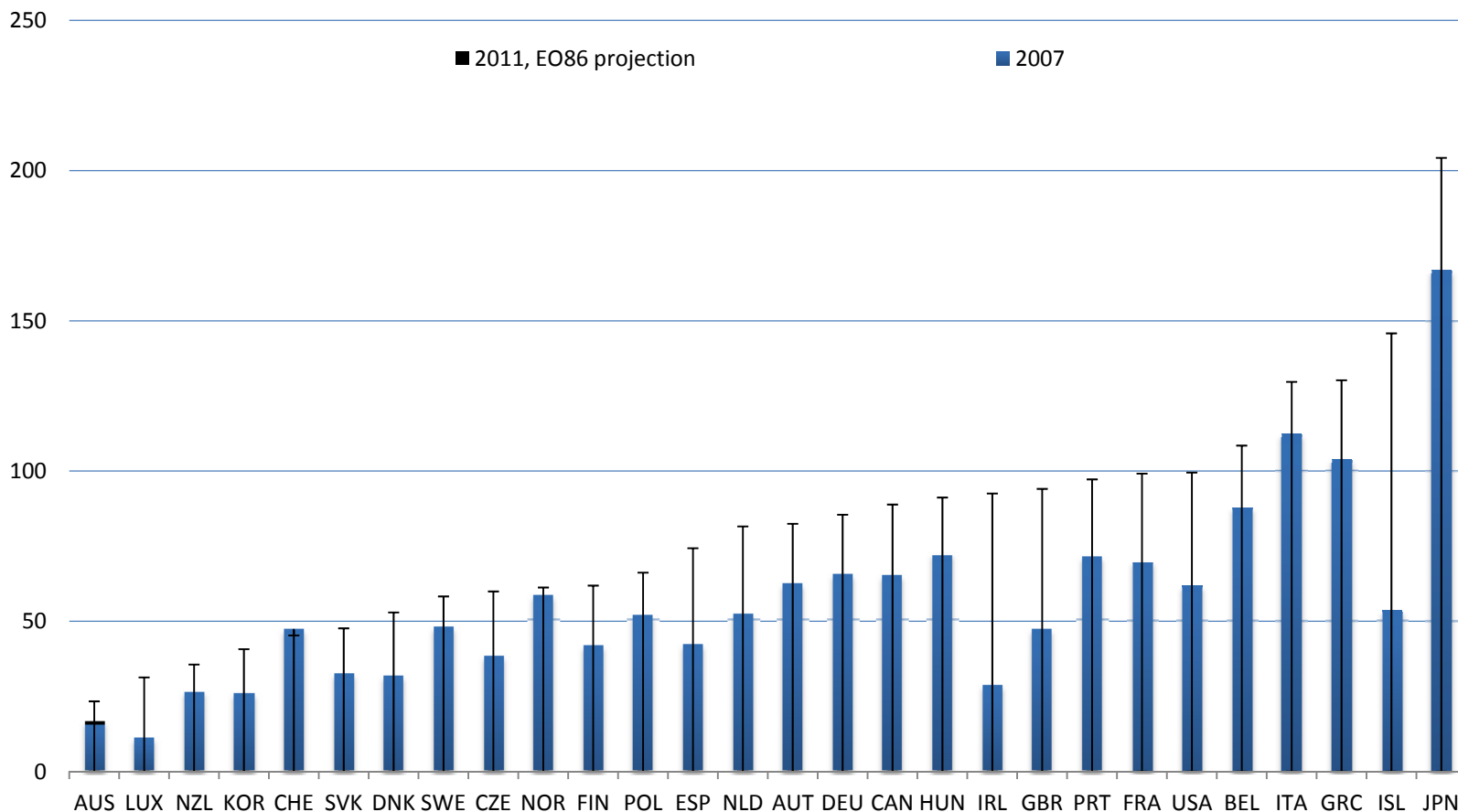
Per cent



Source: Federal Reserve, Bank of Japan, European Central Bank.

# High government indebtedness calls for consolidation

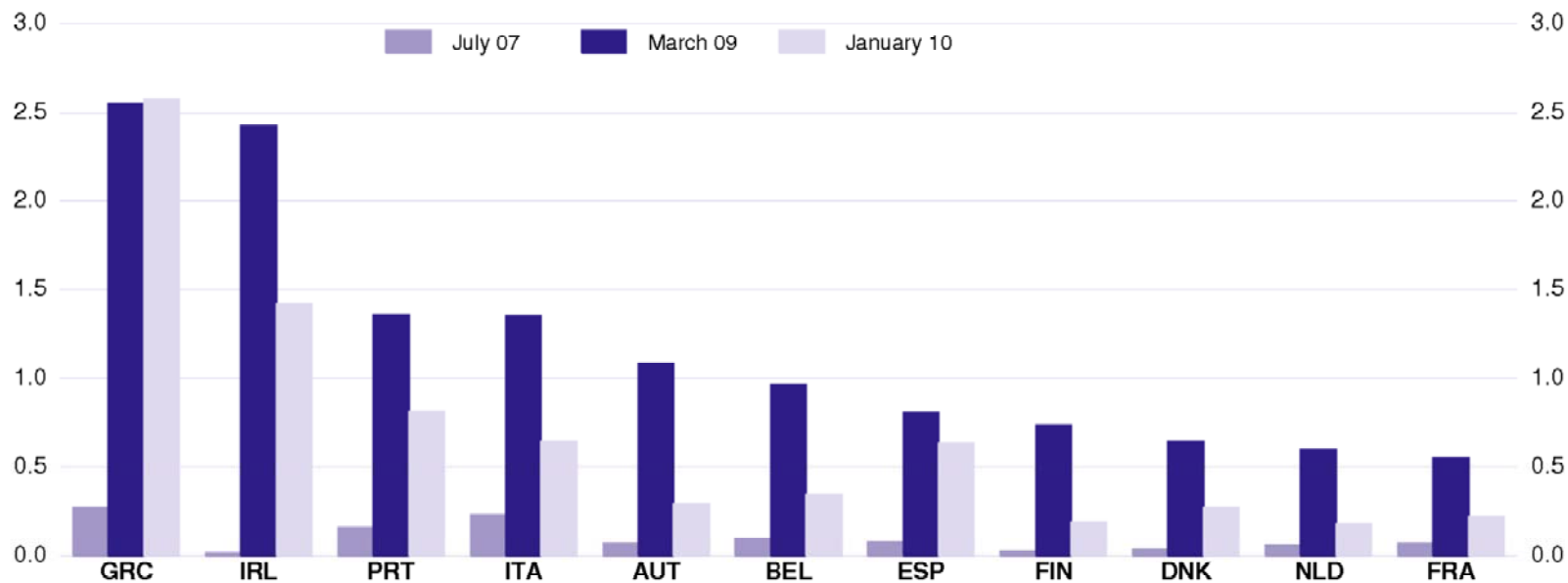
Gross government liabilities in per cent of GDP



Source: OECD Economic Outlook 86 database.

# Sovereign bond spreads have come down but remain high in some euro-area countries

Sovereign spreads with respect to German bond yield, percentage points



*Note:* Last observation is 26 January 2010.

*Source:* Datastream.

# Why to consolidate?

- Little guidance from economic literature as to optimal debt level, but there are reasons for being ambitious:
  - ✓ Smoothing the transitory effects of ageing
  - ✓ Avoiding constraints on future fiscal stimulus
  - ✓ Reducing vulnerability to interest-rate variations
- Reasons for going slowly:
  - ✓ International spillovers of simultaneous fiscal tightening
  - ✓ Constraints on monetary policy accommodation
- Reasons for avoiding delay:
  - ✓ Rapid debt build-up; crowding-out from debt service
  - ✓ Consolidation plans need to be embedded in the budget-making process

# Synchronisation of fiscal consolidation implies negative demand effects

Fiscal consolidation equivalent to 1% of own-country GDP

Source of change:	Impact of change on:			Total OECD	Of which "own country"
	United States	Japan	Euro area		
	GDP effects, % differences from baseline: 2011				
United States	<b>-0.9</b>	-0.2	-0.1	-0.5	-0.3
Japan	0.0	<b>-0.8</b>	0.0	-0.2	-0.1
Euro area	-0.1	-0.1	<b>-0.8</b>	-0.3	-0.2
OECD	-1.2	-1.3	-1.1	<b>-1.1</b>	
Spillover as % of own-country effect	26%	54%	32%		

Note: "Own country" effect corresponds to the own country multiplier weighted by the country's share in OECD GDP. The "spillover" is calculated as the effect of other OECD countries consolidation on own-country GDP as a share of the total GDP effect on that country when all OECD countries consolidate at the same time

Source: OECD Global model.



# How to Consolidate?

- Avoid further prejudice to potential output
- Fiscal retrenchment should preserve pro-growth programmes (human capital, innovation, infrastructure)
  - ✓ Empirical evidence that expenditure-based consolidation episodes are more successful
- Tax hikes should rely on the least growth-distorting instruments (immobile bases, consumption)
  - ✓ Scope for “green revenue” (green taxes, carbon trading)
- Structural reform can yield a double dividend for growth and consolidation?
  - ✓ Efficiency gains in government spending
  - ✓ Reform of entitlements in pensions and health care



# Recent Developments and the Outlook for the Global Economy

**Presentation at OECD High-Level  
Parliamentary Seminar**

18 February 2010

Pier Carlo Padoan  
OECD Chief Economist

## TRANSPARENCY AND INTEGRITY IN LOBBYING

### Worldwide public concerns over lobbying and the OECD response

Concerns over lobbying practices and demands for transparency in public decision making have intensified debate worldwide. Lobbying can improve policy making by providing valuable data and insights. However, a sound framework for transparency in lobbying is crucial to safeguard the public interest, promote a level playing field for businesses and avoid capture by vocal interest groups.

The OECD developed the Principles for Transparency and Integrity in Lobbying to help decision makers address concerns raised by lobbying practices. These Principles are particularly timely in the context of the current crisis and for countries rewriting regulations for entire sectors. They are part of the OECD strategy for a stronger, fairer and cleaner economy.

### Lobbying in figures: Evidence of its size and impact

Lobbying employs considerable resources. For example, lobbying spending at federal level in the United States reached USD 2.5 billion in 2009 falling from the previous year record high USD 3.3 billion. During this period, the number of registered lobbyists in the USA was between 13-14 500. In Canada, their number at the federal level exceeded 5000. In Europe, almost 3000 lobbyist have voluntarily registered with the European Commission since 2008.

A recent International Monetary Fund Working Paper analysed lobbying intensity in a variety of industries in the USA. According to the paper “firms lobbying in financial, insurance and real estate corporations (FIRE industry) spent approximately USD 480 000 per firm in 2006 compared to USD 300 000 per firm in defense or USD 200 000 per firm in construction.” The paper established a link between intensive lobbying by the FIRE industry and high-risk lending practices, for example by using more lax lending standards measured by loan-to-income ratio. It concluded that the “prevention of future crises might require weakening political influence of the financial industry or closer monitoring of lobbying activities to understand the incentives better.”

### What can governments do to enhance transparency and safeguard integrity?

The OECD reviewed data and experiences of government regulation, legislation and self-regulation of lobbyists. Based on the evidence and lessons learned from comparative reviews, country case studies and an analytical framework endorsed by governments, the OECD developed 10 Principles. They provide decision makers with guidance to meet expectations of transparency and accountability and support a level playing field in developing public policies.

#### What are the elements of strong lobbying regulation?

Experience suggests that effective regulation will depend on the following elements:

- Definition of lobbyist and lobbying activities targeted by regulation are clear and unambiguous.
- Disclosure requirements provide pertinent information on key aspects of lobbyists and lobbying such as its objective, beneficiaries, funding sources and targets.
- Rules and guidelines set standards for expected behavior, for example to avoid misuse of confidential information, conflict of interest and prevent revolving door practices.
- Procedures for securing compliance are framed in a coherent spectrum of strategies and mechanisms, including monitoring and enforcement.
- The organisational leadership promotes a culture of integrity and transparency in daily practice through regular disclosure and auditing to ensure compliance.

## Evidence from governments and lobbyists

### What are the experiences of governments to enhance transparency and promote integrity?

Lobbying is a global practice. However, only a quarter of OECD members have introduced government regulations and legislation. Many OECD countries rely on self-regulation of lobbyists. The experiences reviewed by the OECD show that regulating lobbying has proven difficult for decision makers due to its complexity and sensitive nature.

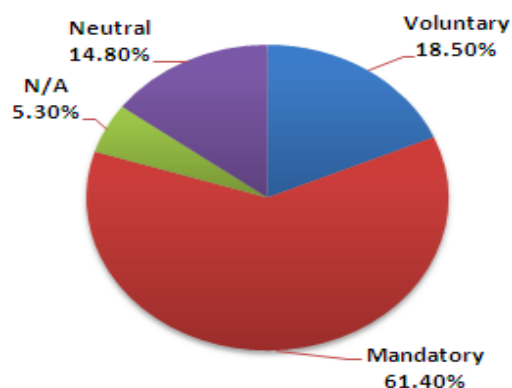
Australia, Canada, United Kingdom, United States, Poland, Hungary and most recently France have approved legislation and government regulations. The European Parliament and Commission have regulated lobbying. Israel, an OECD accession candidate country, recently amended legislation.

Italy, Korea, Mexico, Chile, Norway, Czech Republic and Slovak Republic have debated draft laws and bills on lobbying

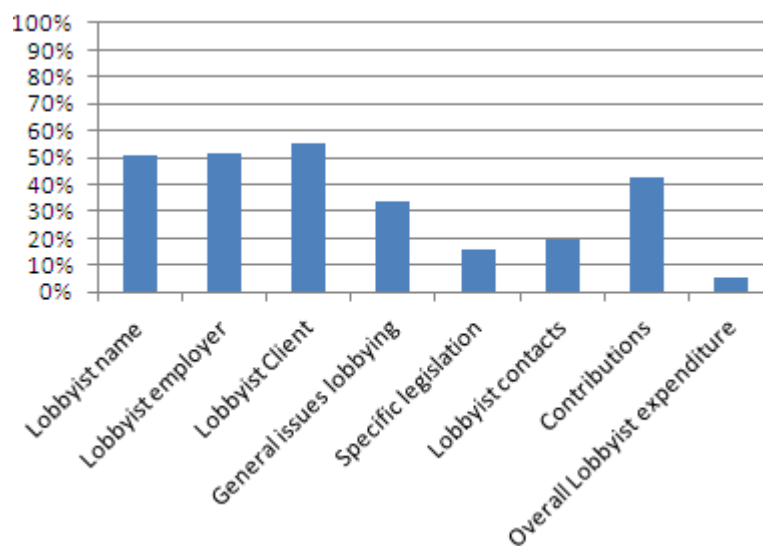
### What are the views of the lobbying industry?

“It takes two to lobby.” The OECD also reviewed self-regulation surveying the largest sample of lobbyists. The survey provides evidence of a consensus amongst lobbyists on the necessity of transparency within their profession. The type of information they commonly believe should be disclosed includes the name of client and employer, issues lobbied and contributions.

**Should transparency of lobbying activity be mandatory or voluntary?**



### Which lobbying activities, if any, should be subject to transparency and made public?



Despite the general perception that lobbyists prefer opacity with regards to the disclosure of their activities, the OECD survey shows that the majority of lobbyists surveyed supports mandatory disclosure of information.

Source: *Lobbyists, Government and Public Trust, Volume 2: Promoting Integrity by Self-regulation.*

# The 10 Principles for Transparency and Integrity in Lobbying

## I. Building an effective and fair framework for openness and access

### **1. Countries should provide a level playing field by granting all stakeholders fair and equitable access to the development and implementation of public policies.**

Public officials should preserve the benefits of the free flow of information and facilitate public engagement. Gaining balanced perspectives on issues leads to informed policy debate and formulation of effective policies. Allowing all stakeholders, from the private sector and the public at large, fair and equitable access to participate in the development of public policies is crucial to protect the integrity of decisions and to safeguard the public interest by counterbalancing vocal vested interests. To foster citizens' trust in public decision making, public officials should promote fair and equitable representation of business and societal interests.

### **2. Rules and guidelines on lobbying should address the governance concerns related to lobbying practices, and respect the socio-political and administrative contexts.**

Countries should weigh all available regulatory and policy options to select an appropriate solution that addresses key concerns such as accessibility and integrity, and takes into account the national context, for example the level of public trust and measures necessary to achieve compliance. Countries should particularly consider constitutional principles and established democratic practices, such as public hearings or institutionalised consultation processes.

Countries should not directly replicate rules and guidelines from one jurisdiction to another. Instead, they should assess the potential and limitations of various policy and regulatory options and apply the lessons learned in other systems to their own context. Countries should also consider the scale and nature of the lobbying industry within their jurisdictions, for example where supply and demand for professional lobbying is limited, alternative options to mandatory regulation for enhancing transparency, accountability and integrity in public life should be contemplated. Where countries do opt for mandatory regulation, they should consider the administrative burden of compliance to ensure that it does not become an impediment to fair and equitable access to government.

### **3. Rules and guidelines on lobbying should be consistent with the wider policy and regulatory frameworks.**

Effective rules and guidelines for transparency and integrity in lobbying should be an integral part of the wider policy and regulatory framework that sets the standards for good public governance. Countries should take into account how the regulatory and policy framework already in place can support a culture of transparency and integrity in lobbying. This includes stakeholder engagement through public consultation and participation, the right to petition government, freedom of information legislation, rules on political parties and election campaign financing, codes of conduct for public officials and lobbyists, mechanisms for keeping regulatory and supervisory authorities accountable and effective provisions against illicit influencing.

### **4. Countries should clearly define the terms 'lobbying' and 'lobbyist' when they consider or develop rules and guidelines on lobbying.**

Definitions of 'lobbying' and 'lobbyists' should be robust, comprehensive and sufficiently explicit to avoid misinterpretation and to prevent loopholes. In defining the scope of lobbying activities, it is necessary to balance the diversity of lobbying entities, their capacities and resources, with the measures to enhance transparency. Rules and guidelines should primarily target those who receive compensation for carrying out lobbying activities, such as consultant lobbyists and in-house lobbyists. However, definition of lobbying activities should also be considered more broadly and inclusively to provide a level playing field for interest groups, whether business or not-for-profit entities, which aim to influence public decisions.

Definitions should also clearly specify the type of communications with public officials that are not considered 'lobbying' under the rules and guidelines. These include, for example, communication that is already on public record – such as formal presentations to legislative committees, public hearings and established consultation mechanisms.

## II. Enhancing transparency

### **5. Countries should provide an adequate degree of transparency to ensure that public officials, citizens and businesses can obtain sufficient information on lobbying activities.**

Disclosure of lobbying activities should provide sufficient, pertinent information on key aspects of lobbying activities to enable public scrutiny. It should be carefully balanced with considerations of legitimate exemptions, in particular the need to preserve confidential information in the public interest or to protect market-sensitive information when necessary.

Subject to Principles 2 and 3, core disclosure requirements elicit information on in-house and consultant lobbyists, capture the objective of lobbying activity, identify its beneficiaries, in particular the ordering party, and point to those public offices that are its targets. Any supplementary disclosure requirements should take into consideration the legitimate information needs of key players in the public decision-making process. Supplementary disclosure requirements might shed light on where lobbying pressures and funding come from. Voluntary disclosure may involve social responsibility considerations about a business entity's participation in public policy development and lobbying. To adequately serve the public interest, disclosure on lobbying activities and lobbyists should be stored in a publicly available register and should be updated in a timely manner in order to provide accurate information that allows effective analysis by public officials, citizens and businesses.

### **6. Countries should enable stakeholders – including civil society organisations, businesses, the media and the general public – to scrutinise lobbying activities.**

The public has a right to know how public institutions and public officials made their decisions, including, where appropriate, who lobbied on relevant issues. Countries should consider using information and communication technologies, such as the Internet, to make information accessible to the public in a cost-effective manner. A vibrant civil society that includes observers, 'watchdogs', representative citizens groups and independent media is key to ensuring proper scrutiny of lobbying activities. Government should also consider facilitating public scrutiny by indicating who has sought to influence legislative or policy-making processes, for example by disclosing a 'legislative footprint' that indicates the lobbyists consulted in the development of legislative initiatives. Ensuring timely access to such information enables the inclusion of diverse views of society and business to provide balanced information in the development and implementation of public decisions.

## III. Fostering a culture of integrity

### **7. Countries should foster a culture of integrity in public organisations and decision making by providing clear rules and guidelines of conduct for public officials.**

Countries should provide principles, rules, standards and procedures that give public officials clear directions on how they are permitted to engage with lobbyists. Public officials should conduct their communication with lobbyists in line with relevant rules, standards and guidelines in a way that bears the closest public scrutiny. In particular, they should cast no doubt on their impartiality to promote the public interest, share only authorised information and not misuse 'confidential information', disclose relevant private interests and avoid conflict of interest. Decision makers should set an example by their personal conduct in their relationship with lobbyists.

Countries should consider establishing restrictions for public officials leaving office in the following situations: to prevent conflict of interest when seeking a new position, to inhibit the misuse of 'confidential information', and to avoid post-public service 'switching sides' in specific processes in which the former officials were substantially involved. It may be necessary to impose a 'cooling-off' period that temporarily restricts former public officials from lobbying their past organisations. Conversely, countries may consider a similar temporary cooling-off period restriction on appointing or hiring a lobbyist to fill a regulatory or an advisory post.

**8. Lobbyists should comply with standards of professionalism and transparency; they share responsibility for fostering a culture of transparency and integrity in lobbying.**

Governments and legislators have the primary responsibility for establishing clear standards of conduct for public officials who are lobbied. However, lobbyists and their clients, as the ordering party, also bear an obligation to ensure that they avoid exercising illicit influence and comply with professional standards in their relations with public officials, with other lobbyists and their clients, and with the public.

To maintain trust in public decision making, in-house and consultant lobbyists should also promote principles of good governance. In particular, they should conduct their contact with public officials with integrity and honesty, provide reliable and accurate information, and avoid conflict of interest in relation to both public officials and the clients they represent, for example by not representing conflicting or competing interests.

#### **IV. Mechanisms for effective implementation, compliance and review**

**9. Countries should involve key actors in implementing a coherent spectrum of strategies and practices to achieve compliance.**

Compliance is a particular challenge when countries address emerging concerns such as transparency in lobbying. Setting clear and enforceable rules and guidelines is necessary, but this alone is insufficient for success. To ensure compliance, and to deter and detect breaches, countries should design and apply a coherent spectrum of strategies and mechanisms, including properly resourced monitoring and enforcement. Mechanisms should raise awareness of expected rules and standards; enhance skills and understanding of how to apply them; and verify disclosures on lobbying and public complaints. Countries should encourage organisational leadership to foster a culture of integrity and openness in public organisations and mandate formal reporting or audit of implementation and compliance. All key actors – in particular public officials, representatives of the lobbying consultancy industry, civil society and independent 'watchdogs' – should be involved both in establishing rules and standards, and putting them into effect. This helps to create a common understanding of expected standards. All elements of the strategies and mechanisms should reinforce each other; this co-ordination will help to achieve the overall objectives of enhancing transparency and integrity in lobbying.

Comprehensive implementation strategies and mechanisms should carefully balance risks with incentives for both public officials and lobbyists to create a culture of compliance. For example, lobbyists can be provided with convenient electronic registration and report-filing systems, facilitating access to relevant documents and consultations by an automatic alert system, and registration can be made a prerequisite to lobbying. Visible and proportional sanctions should combine innovative approaches, such as public reporting of confirmed breaches, with traditional financial or administrative sanctions, such as debarment, and criminal prosecution as appropriate.

**10. Countries should review the functioning of their rules and guidelines related to lobbying on a periodic basis and make necessary adjustments in light of experience.**

Countries should review – with the participation of representatives of lobbyists and civil society – the implementation and impact of rules and guidelines on lobbying in order to better understand what factors influence compliance. Refining specific rules and guidelines should be complemented by updating implementation strategies and mechanisms. Integrating these processes will help to meet evolving public expectations for transparency and integrity in lobbying. Review of implementation and impact, and public debate on its results are particularly crucial when rules, guidelines and implementation strategies for enhancing transparency and integrity in lobbying are developed incrementally as part of the political and administrative learning process.

# The 10 Principles for Transparency and Integrity in Lobbying: A Good Governance Approach

## A comprehensive and non-prescriptive approach

The Principles present the available regulatory and policy options to decision makers. They reflect experiences of countries with diverse socio-political and administrative contexts. The Principles were developed in parallel with the European Transparency Initiative and the Code of Conduct for Interest Representatives of the European Commission.

## Whole of government scope

The Principles provide guidance to decision makers in the executive and legislative branches at both national and sub-national level.

## A unique international policy instrument

The Principles are part of the OECD strategy to build a stronger, cleaner and fairer economy. They link to a broader set of initiatives triggered by the financial crisis to set standards and principles for economic activity. These include the G8 'Lecce Framework' on Propriety, Integrity and Transparency in Business Activity and the G20 Global Charter for Sustainable Economic Activity.

## Wide multi-stakeholder consultation on the Principles for Transparency and Integrity in Lobbying

The OECD completed a wide consultation in mid December 2009 with over a hundred stakeholders, including legislators, representatives of the private sector, lobbying associations, civil society, trade unions, think tanks, academics, and international and regional government organisations. All stakeholders acknowledged that the Principles are timely and relevant. The feedback signaled that the Principles properly address the main concerns and provide pillars for applying good governance principles in lobbying, in particular:

- a) Recognising the shared responsibility of both public officials and lobbyists;
- b) Levelling the playing field to engage stakeholders in public policies;
- c) Making information on lobbying activities publicly accessible to allow scrutiny; and
- d) Setting up effective mechanisms for implementation and compliance.

Based on the results of the multi-stakeholder consultation, the consolidated Principles were endorsed by government representatives in January 2010.

## Next steps

The Principles will be presented to the OECD Council in February 2010. The objective is to seek approval from the Council in the form of an OECD Recommendation that demonstrates the commitment of countries to review practices and update their framework for transparency and integrity in lobbying.

## Further reading

A comparative review of potential and limitations of existing legislation and government regulations is available in the OECD publication *Lobbyists, Government and Public Trust, Volume 1: Increasing Transparency through Legislation*.

Details on the OECD survey conducted amongst the largest sample of lobbyists and experiences on self-regulation measures applied by lobbyist associations is available in a forthcoming OECD publication *Lobbyists, Government and Public Trust, Volume 2: Promoting Integrity by Self-regulation*.



## OECD AND GREEN GROWTH

### Why Green Growth?

Countries still do not take full account of the costs of inaction on environmental challenges such as climate change, air and water pollution and inefficient use of energy and resources. Such costs of inaction can be considerable, especially for developing countries whose economies rely more heavily on natural resources and where climate change is expected to hit hardest. A new paradigm is needed to ensure that countries take better advantage of the large potential benefits that can accompany the move towards greener economies. A paradigm which recognises that to build a prosperous world economy, “green” and “growth” can no longer be considered in isolation.

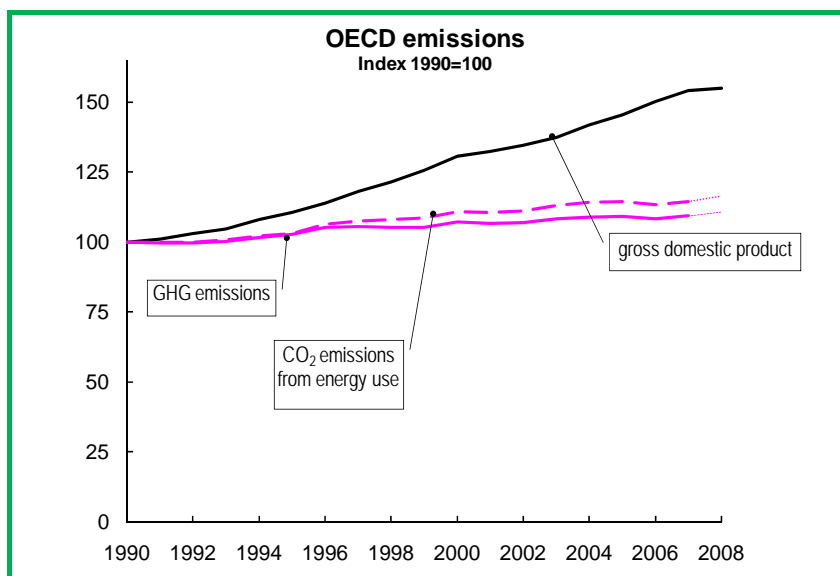
### OECD Mandate for the Green Growth Strategy

At the OECD Ministerial Council Meeting (MCM) of June 2009, Ministers from all 30 OECD countries as well as Chile, Estonia, Israel and Slovenia signed a Green Growth Declaration, declaring *inter alia* that they will: “Strengthen their efforts to pursue green growth strategies as part of their responses to the crisis and beyond, acknowledging that green and growth can go hand-in-hand.” To this end, they endorsed a mandate for the OECD to develop a Green Growth Strategy, bringing together economic, environmental, social, technological, and development aspects into a comprehensive framework.

As one of OECD’s horizontal priorities, the Strategy will draw on the work of 25 OECD Committees involved in its development. The Strategy’s Final report will be delivered at the 2011 MCM, with an Interim report being prepared for the June 2010 MCM.

### What Does Green Growth Mean?

Green growth is the means by which the current economy can make the transition to a sustainable economy. It involves promoting growth and development while reducing pollution and greenhouse gas emissions, minimising waste and inefficient use of natural resources, maintaining biodiversity, and strengthening energy security. It requires further “decoupling” of environmental impacts from economic growth, and greening of consumption and production patterns, while reducing poverty and improving health and jobs prospects. Green growth means making investment in the environment a new source of economic growth.



While a number of OECD countries have decoupled their CO<sub>2</sub> and other GHG emissions from GDP growth, most countries have not succeeded in meeting their own national commitments to decrease their GHG emissions. Indeed, their emissions continued to increase throughout the 1990s, despite gains in energy efficiency (i.e. relative decoupling).

Source: OECD Key Environmental Indicators, 2009.

## **Green Growth as an Opportunity for Sustainable Development**

In line with the principles of sustainable development, the green growth paradigm responds to the need for a new model of growth that is much less intensive in natural resources and that can lead to social well-being and poverty reduction in both developed and developing countries.

Green growth builds on the opportunities created by the financial and economic crisis to promote a greener recovery through stimulus packages in support of greener jobs and industries.

## **Towards a Green Growth Strategy**

A strategic vision is needed to ensure that policies are appropriate from economic efficiency, environmental integrity and social equity points of view, and coherent both from a national and an international perspective.

The overarching goal of the Green Growth Strategy is to identify a policy framework that blends economic, social and environmental policy objectives for the most efficient shift to a sustainable world economy. Such a policy framework will be flexible enough to adapt to different national contexts.

The Strategy will quantify the potential effects of green growth and assess the adjustment costs of the transition towards a sustainable economy at both the national and international levels. Overall, the Strategy will:

- Develop a new growth accounting framework that takes environmental and well-being aspects into consideration.
- Provide specific tools and policy recommendations to help governments to identify policies for the most efficient shift to a sustainable economy.
- Explore how OECD countries can better support green growth in emerging economies and in developing countries, including through increased coherence in OECD country policies that affect development and by strengthening development co-operation.
- Focus on the employment dimension of green growth and consider opportunities for job creation both in the short and longer term.

## **International Green Growth Dialogue**

To ensure international co-ordination, the Strategy will launch an International Green Growth Dialogue (IGGD), with the participation of OECD, emerging and developing countries, the European Commission, international organisations, the private sector as well as NGOs. Such a collaborative arrangement will encourage and facilitate an open, structured discussion on green growth matters, while providing a platform for the exchange of lessons learned and best practices.

## **Policy Toolkit**

The Strategy will provide countries with a **broad and flexible mix of instruments** that cut across several policy areas such as investment, taxes, innovation, technology, trade, employment and education. Recommendations will also be developed to ensure policy coherence, to exploit synergies and to avoid costly overlaps.

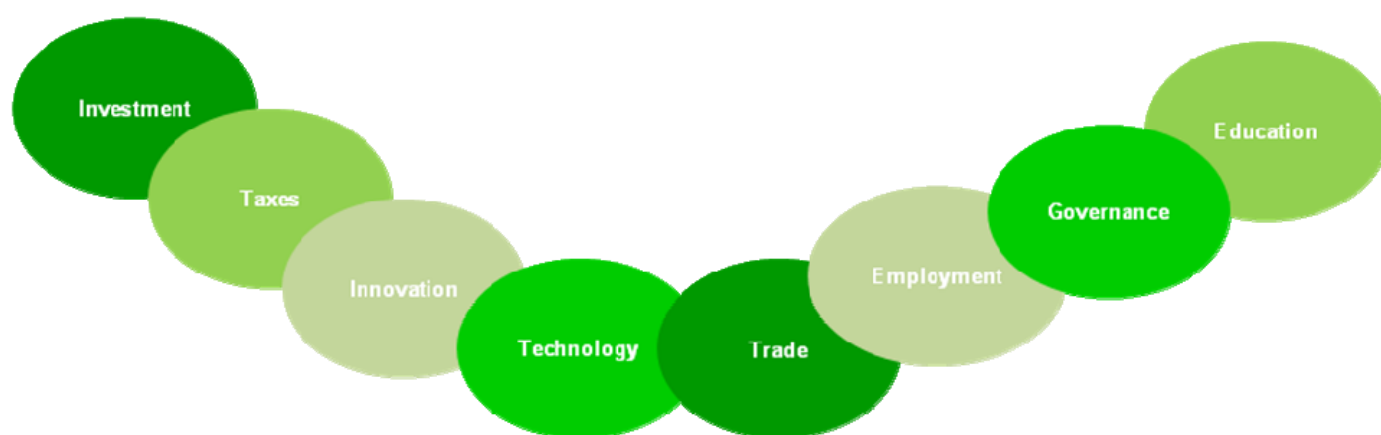
As market failures and social concerns vary widely across countries, especially across OECD and non-OECD economies, the weight given to each of the policies in the toolkit will depend on the relative importance of different market failures as well as on the corresponding social policy environment.

**The toolkit will cover both short-term and long-term policies.** Short-term policies will focus on those to ease pressures from the re-allocation of jobs across sectors, to facilitate the development of green infrastructures and to address competitiveness concerns. Long-term policies will identify those that are good for both income and the environment as well as policies that can boost income growth at the least cost in terms of quality of the environment (and vice-versa).

**Addressing the opportunities and challenges of a greener economy** will require policies that can facilitate green jobs creation, labour resource re-allocation and industrial re-structuring. The Strategy will quantify the jobs potentials of new green industries and address the key labour market and education/training policy challenges to promote the shift towards “green” jobs and the upgrading of worker’s skills. The Strategy will also assess other distributive effects of moving to a sustainable economy, including effects on poverty and inequality.

**Expanding green markets and developing green policy instruments** will necessitate policies that can help overcome the market failures and lock-in to existing infrastructure and habits inhibiting the deployment of green goods and services. The Strategy will examine price incentives such as greenhouse gas emission trading schemes and green taxes as well as the phasing-out of environmentally harmful subsidies, including for fossil fuels, agriculture and fisheries. Moreover, it will analyse complementary policy instruments, including regulations, standards and green public procurement.

**Fostering green technologies and innovation** is critical for driving green growth. The Strategy will identify policies to accelerate research, development and deployment of green technologies and innovation, as well as successful policies to drive more systemic and radical eco-innovation. It will also address the issue of international technology transfer to make clean technologies more affordable and accessible to developing countries and share the benefits of international cooperation on science, technology and innovation.



**Greening the energy sector.** The energy sector is responsible for about 60% of all greenhouse gas emissions and must therefore be a key part of any Strategy that seeks to reduce them. Current global trends in energy supply and use are unsustainable. Energy efficiency, renewable energy, carbon capture and storage and new transport technologies all need to be deployed widely to curtail greenhouse gas emissions while promoting energy security. Power systems need to evolve more flexibility to cope with larger shares of variable renewables, demand response and storage. In partnership with the IEA, the Green Growth Strategy will look at the technologies and policies that will be needed to achieve such an energy revolution.

**Trade policies can help the transition to a greener future.** Liberalisation of trade in environmental goods and services and removal of associated tariff and non-tariff barriers can contribute to green growth. An analysis of the effect of green growth policies on trade will also be carried out, with a view to distinguishing between those policies that positively contribute to trade and economic growth and those that have a perverse effect or act as a disguised restriction on trade.

**International investment is a vital source of finance and a powerful vector of innovation** in support of countries' efforts to address the effects of climate change and promote green growth. The Strategy will develop policy recommendations to facilitate international investment in low-carbon products, green technologies and clean infrastructure. Emerging countries' fear that “green investment policies” may be used for protectionist purposes will be addressed. Analysis will also look into promoting responsible business practices which work in harmony with government policies and public expectations, consistent with the OECD Guidelines for Multinational Enterprises. Building on OECD and Enhanced Engagement country case studies informed by the Policy Framework for Investment, the work will document policy incentives conducive to responsible investment in support of green growth.



**Linking green growth with development** will involve providing policy guidance for integrating climate adaptation and environmental capacity building into development co-operation. Given the heavy dependence of most developing countries' on natural resources and agriculture for economic growth, export revenues, employment and livelihoods, the Strategy will also focus on issues related to natural resource management, associated capacity development needs and governance challenges. Options available to developing countries to shift towards lower carbon growth paths will be examined, as well as exploring how development assistance can support capacity building, science and technology co-operation and technology transfers between developed and developing countries.

**Greening key sectors and infrastructures** will entail identifying framework conditions and specific policies that can help develop transport, buildings and other infrastructures to use resources and energy more efficiently. Similarly, analysis will cover agriculture as well as fisheries.

**Green growth indicators** will be identified to help measure the progress towards greener economies. These will include indicators of resource efficiency of production, the environmental contents of consumption and the stocks of environmental assets. As suggested by the Stiglitz-Sen report, existing indicators could be supplemented by a range of indicators on how environmental conditions affect quality of life.

#### Contribution of the Green Growth Strategy

- ✓ Assessing countries' green growth measures taken since the crisis and future plans;
- ✓ Quantifying the potential effects of the transition to green growth;
- ✓ Developing a conceptual framework for green growth;
- ✓ Identifying key policy principles and providing a toolkit for green growth policies;
- ✓ Developing a set of indicators covering economic, environmental and well-being aspects;
- ✓ Strengthening performance through peer reviews of green growth policies;
- ✓ Addressing the political economy considerations of green growth;
- ✓ Identifying lessons learned and best practices;
- ✓ Providing a platform for international co-ordination and dialogue through the *International Green Growth Dialogue* initiative;
- ✓ Promoting co-operation between OECD and non-OECD countries on issues relating to green growth.

#### Further reading

OECD Work on Green Growth  
OECD Work on Environment

[www.oecd.org/greengrowth](http://www.oecd.org/greengrowth)  
[www.oecd.org/environment](http://www.oecd.org/environment)

#### Contacts :

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