

20TH OSCE ECONOMIC AND ENVIRONMENTAL FORUM
“Promoting Security and Stability through Good Governance”

Prague 12 September 2012

OPENING REMARKS

- Minister Dub, Minister Hayes, Minister Svilanovic, President Mrcela -- thank you for inviting me to join you at this important meeting.
- I am especially glad to be here because it's like coming home. I have great respect for the OSCE since 25 years ago I was OSCE desk officer at the state department, backstopping the Vienna negotiations.
- Looking at world economy - global growth has slowed, including in emerging market economies - Trade has weakened - Unemployment is high and rising.
 - Lack of confidence from euro area crisis is spreading. Adjustment in the euro area is slow and proving costly. Recession is “taking hold” in the Eurozone.
 - Now have multiple speeds. Loss of momentum may persist.
- Globally, we need to look for new ways to deal with these troubles.
- This is not only about restoring old markets. We also need new sources of growth.
- That’s what we’re doing at the OECD, where we are working on **new ideas**, with **new partners in new ways**.
- OECD is **expanding**: 34 member countries; 5 key partners; 1 accession partner; 6 regional programs
- **Now at OECD**, we already bring together Governance + Social Policy + Economic Policy
 - You’re familiar with our work PISA; Structural Reforms, green growth, innovation policy, health policy.
- At the same time, we’re pushing into **new areas, new growth, new understanding**, such as
 1. Global Value Chains;
 2. Modern skills and other knowledge based assets form the foundation of individual success and national competitiveness.
 3. Better Life we don’t live by growth alone.
 4. Overcoming inequality, integrating gender factors into our recommendations, and taking into account the “distributional effects” of reforms.

- All this rolls into a new look, a project we're calling New Approaches to Economic Challenges: learning the lessons from crisis; better understand the links between financial markets and real economy; look at economic growth, imbalances and adjustments, at rising inequality, how these production networks feed consumption, new poles of growth and savings in the world economy.
- Along with new perspectives and policy recommendations, there is an **urgent need** to make sure our institutions provide the firm foundation for the revival of our economies. **Good governance, fair regulations, transparency** in markets and government are critical in spurring long-term growth. This is an essential piece of the puzzle.
- To a great extent, the crisis dramatized the dangers of captured markets, back room deals, graft, corruption, of protecting the privileged -- all of which kill opportunity for ordinary citizens and entrepreneurs as they distort competition.
- Revolutions in the street show that citizens' tolerance for corruption is coming to an end: Occupy Wall Street, Arab spring, demonstrations in India & China, shareholder challenges.
 - At the same time, tight budget constraints are pushing governments and companies to stop waste and use available resources more efficiently.
- OECD works with companies and governments around the world to support clean business and good governance.
- **Anti-Bribery Convention**: 40 members; Russian recently adhered, Colombia is joining. Others active participants: Brazil, South Africa
 - The convention requires countries to make it illegal to offer, solicit or give bribes to foreign officials.
- **OECD Investment Declaration**: includes basic investment standards (national treatment) and corporate responsibility – you might say good treatment for good practices.
 - Growing and expanding quickly. Now 44. Egypt, Morocco in. Tunisia and Colombia just adhered. Jordan in the process and Costa Rica is seeking to join.
 - 2011 Update of the MNE Guidelines expanded coverage and reinforced implementation procedures. The changes include a chapter on human rights, due diligence, including over supply chains, and a proactive agenda with enterprises.
- Last year, worked with stakeholders on the **Due Diligence Guidance for Conflict Minerals**.
 - Developed by stakeholders, endorsed by leaders, in Africa to make sure that mining benefits the people and does not feed insurgencies, slavery and child labor. Now extended to gold.
 - US SEC just endorsed as compliance tool for Dodd-Frank.
- **Global Forum on Transparency and Exchange of Tax Information**: 109 members.
- This spring, the OECD launched **CleanGovBiz**: Supports governments to build integrity and fight corruption together with business and civil society. Draws together work done by OECD Committees and partner organizations.
- Created to put commitments into practice. Provides added value through three core principles. It's designed to be comprehensive, inclusive and usable.
- Go to website: cleangovbiz.org. You'll see:
 1. **17 Checklists** with around 150 priority questions – how to go about everything from procurement practices to using tax audits to detect corruption to actual prosecution of bribery.
 2. **Implementation guidance** with examples of good practices

3. Access to existing **standards and instruments**, guides and manuals, case studies and in-depth reviews from the OECD and others.

- Countries can use the tools themselves, or we can work with them in what we call an Integrity Scan, a first stage rundown to identify vulnerabilities and solutions.
- Fundamentally, the goal is to implement the principles we all know:
 - Prevention, accountability, prosecution work together
- Investors, entrepreneurs, employers, students want a predictable and fair environment as they invest in the future. Especially in coming out of this crisis: we need to create the conditions for maximum stability and confidence to encourage a revival.
- So, in the end, new growth can only emerge when we stop protecting old privileges and old distortions.
- By renewing our institutions and implementing transparency we can deliver what our citizens expect.
- We're proud to be working in this vital area at the OECD and proud to be partnering with all of you.
- Thank you