

News Release

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MINISTERS TO ATTEND OECD MEETING

The Honourable Roy MacLaren, Minister for International Trade, announced today that he will lead a ministerial delegation including Human Resources Development Minister Lloyd Axworthy and Industry Minister John Manley to this year's meeting of ministers from member countries of the Organization for Economic Co-operation and Development (OECD) in Paris, May 23-24.

The ministers will discuss economic growth, employment, social progress, and strengthening the multilateral trade and investment system.

"The OECD has an important role to play in efforts to liberalize international trade and investment," Mr. MacLaren said.

"I expect ministers at the Paris meeting will agree to negotiations on a ground-breaking multilateral agreement on investment," he noted. "An agreement on foreign investment will fill an important gap in international rules. It would also help Canadian firms investing abroad and generate more and better jobs in this country."

Mr. Axworthy stressed the importance of jobs to both economic growth and social progress: "We need to ensure that the OECD remains focussed on the problems which high structural unemployment and stagnant income growth create in our societies. An important step was taken with the OECD jobs study - we need to follow up on it."

Mr. Manley said: "We believe there is a positive agenda for creating jobs and growth; and technology and the information society are indispensable to it. The OECD can play a key role in supporting this agenda."

The OECD is the major economic policy forum for the world's most industrialized democracies. The 25 member states develop compatible approaches on a wide range of economic, social and



trade issues, including economic growth, employment, fiscal stability, and expanding world trade.

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A background document on the OECD Ministerial Meeting is attached.

For further information, media representatives may contact:

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Backgrounder

OECD MINISTERIAL MEETING, May 23-24, 1995

The Paris meeting of ministers from the 25 member countries of the Organization for Economic Co-operation and Development (OECD) will focus on three key themes: economic growth, employment, and social progress; strengthening the multilateral trade and investment system; and the OECD of tomorrow.

ECONOMIC GROWTH, EMPLOYMENT, AND SOCIAL PROGRESS

Growth and job creation

- The economic expansion became increasingly well entrenched in a growing number of OECD countries, including Canada and the United States. In the European OECD economies, the recovery gained momentum while in Japan it has yet to become well established. The OECD expects Canada to have among the strongest growth rates among member countries in 1995. The recovery will likely strengthen in Europe and Japan while growth will ease in the United States.
- As a result, employment is recovering or at least levelling off in most OECD countries. However, unemployment rates remain high in many member countries, particularly in Europe. In Canada, where job growth has been particularly strong, the unemployment rate has declined to 9.4 per cent from 11.4 per cent at the beginning of 1994.
- The Canadian approach to jobs and growth and job creation includes measures aimed primarily at fostering innovation throughout the economy, productivity growth, and improving labour force skills.
- High unemployment – particularly in Europe – technological change, and aging populations have led to concerns about the social impact of these changes.

The contribution of the OECD

- The OECD is following up on a request by G-7 governments to expand its analysis on job creation and job loss by undertaking an in-depth analysis of member countries' policies in areas ranging from active labour market policies to unemployment and related benefits and their impact on the tax system.
- The OECD, in response to a G-7 request, is also following up on its employment-unemployment study by undertaking further analysis to better understand the broad set of policies

needed to respond to structural changes taking place in member economies.

- The OECD is proposing further work on aging populations and pension and social policy reform.
- Preliminary results from an OECD study on technology, productivity and job creation indicate that, among other factors, technological change increases the demand for skilled workers more than for unskilled workers. Advances in technology must be complemented by policies ensuring that workers receive the skills and training they need so that everyone benefits from technological change.

Information society

- In the new global economy, a key element of any technology strategy for jobs and growth is how the global information infrastructure can assist in the diffusion of knowledge.
- Ministers at a recent G-7 conference in Brussels paved the way for the development of a global information society – a society where information highways will accelerate the spread of knowledge and new ideas. It is a society where new products and services will lead to growth and more and better jobs.
- The Canadian view is that the OECD can support this vision by expanding its work on technology, productivity and job creation to include a study on the information society. It would include mechanisms to encourage full participation of developing countries in the global information society.

STRENGTHENING THE MULTILATERAL SYSTEM

World Trade Organization

- The World Trade Organization (WTO), based in Geneva, was set up on January 1, 1995, to oversee the world trading system. Of the more than 120 members of the General Agreement on Tariffs and Trade (GATT), more than 80 have become members of the WTO. The WTO was created as a result of the recent Uruguay Round of Multilateral Trade Negotiations.
- It is important for relatively small, trade-dependent countries such as Canada because it is the cornerstone of a global rules-based trading system. A key element of the WTO is the dispute settlement body.
- Roy MacLaren, Minister for International Trade, said in a statement after the Quadrilateral Trade Ministers' meeting

in Whistler, B.C., May 5, that he and the representatives from Japan, the United States, and the European Union want the new body to have effective working links with other international economic institutions. They look forward to including "emerging economies," such as China, in the WTO "in accordance with the rules that apply to all WTO members."

Services

- Following the Uruguay Round, negotiations were to continue in financial services, movement of persons, basic telecommunications, and maritime transport. Talks on financial services and movement of persons are to be completed by June 30, 1995, and on basic telecommunications and maritime transport by April 1996. Movement of persons refers to people moving temporarily to another country on contract.
- Mr. MacLaren said after the Quadrilateral Trade Ministers' meeting in Whistler that he and the representatives from Japan, the United States, and the European Union stressed the need for "substantial further progress in the financial services negotiations before the end of June." On movement of persons, he said the trade ministers would work closely in the weeks before June 30 to conclude the negotiations successfully.

New trade issues

- The momentum of trade liberalization needs to be maintained with work on new trade issues such as regulatory reform, standards, and competition policy.

Multilateral Agreement on Investment negotiations

- After the Whistler meeting, Mr. MacLaren said that the trade ministers welcomed "the consensus to launch ambitious negotiations in the OECD on a multilateral agreement on investment." Plans to launch these talks are expected to be announced at the meeting of OECD ministers.
- A multilateral agreement on investment would provide a strong and comprehensive framework for international investment and would strengthen the multilateral trading regime. It would set clear and consistent rules on matters ranging from investor protection to dispute settlement. These rules would encourage economic growth.
- Such an agreement would provide a benchmark against which potential investors would assess the openness and legal

security offered by countries as investment locations. This would act as a spur to further liberalization.

- Canada would also like to see developing countries adhere to this new, rules-based investment treaty, and is seeking a mechanism to consult non-OECD countries. We would also like to encourage discussions on investment in the World Trade Organization.
- Foreign direct investment is closely linked to trade. An estimated one third of world exports in manufactured goods travel between parent companies and their foreign affiliates.
- Foreign direct investment worldwide has been growing at a rate of 14 per cent a year in the last decade. Total Canadian direct investment abroad is almost as high as foreign investment in this country and it is growing faster.
- There are no comprehensive global investment rules similar to trade rules. There are a number of regional and bilateral investment agreements. Canada, the United States and major European countries are pressing for a multilateral investment agreement, as are business groups.
- In foreign markets, small and medium-sized businesses with their limited resources are handicapped by the absence of a common set of rules with broad application. A predictable international investment environment would help them expand and compete.

THE OECD OF TOMORROW

- The 25 member countries of the OECD are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. They account for 16 per cent of the world's population and produce more than two thirds of its output.
- For Canada, the OECD is both a cornerstone of the multilateral economic system and an invaluable aid to national policy-making. On trade, for instance, Canadian ministers have used the OECD to strengthen the political commitment to combat protectionism.
- For the first time in the history of the OECD, a Canadian, Donald Johnston, has been elected to be the next Secretary General, effective June 1996. Jean-Claude Paye of France is the current Secretary General.

- In Canada's view, the OECD should enhance its ability to assist member countries in developing policies that respond to the challenges of a globalized economy.
- Canada also believes the OECD should commit itself to developing a global outlook through increased dialogue with non-member countries. In particular, the OECD can play a role in assisting the integration of emerging economies into the global market economy.