

OECD Global Parliamentary Network, October 2015

The Global Parliamentary Network (GPN) of the Organisation for Economic Co-operation and Development (OECD) provides a forum for Members of Parliament (from the EU as well as national and regional parliaments of member and non-member countries) to discuss current issues with OECD Secretary-General, Angel Gurría, and other experts. The GPN meeting in Paris on 1 October 2015 focused on bribery, climate change, migration and employment.

Context and the Secretary-General's intervention

The [Global Parliamentary Network](#) (GPN) of the Organisation for Economic Co-operation and Development (OECD) provides a forum for legislators and parliamentary staff to exchange views about current issues among themselves as well as with OECD experts. OECD Secretary-General, Angel Gurría, opened the GPN meeting in October with a speech that reviewed the topics for in-depth discussion later in the day. He also spoke of the Base Erosion and Profit Shifting (BEPS) [agreement](#) which the OECD has been working on, calling it the most important revolution in tax affairs in a century. (The BEPS agreement was approved in the OECD Council on the day of the GPN meeting; it is anticipated that it will be endorsed by G20 Ministers of Finance in Lima on 9 October 2015.) Legislators will play a key role in modifying national tax legislation to align it with the BEPS proposals.

This speech was followed by reactions and questions from Members of Parliaments (MPs) in some 23 member and non-member countries as well as the European Parliament. During the discussion, Gurría emphasised that the crisis is not over, as global growth is below its long-term average, and per capita growth rates continue to decline. In response to one question, the Secretary-General suggested that one of the reasons for very limited corporate investment in the past five years has been regulatory arbitrage as well as uncertainty in terms of public pricing and regulation (particularly financial regulation), and non-aligned national tax systems that discourage repatriation of profits but make interest payments deductible.

Bribery and corruption

Drago Kos, Chair of the OECD working group on [bribery](#), underlined the relation between higher levels of corruption in a country, and poor social and economic outcomes including reduced longevity, fewer years of schooling, lower GDP and reduced tax revenues. Some 60% of corruption cases involve only four sectors of the economy (the extractive, construction, transport and ICT sectors), and more than half involve public procurement. Progress has been made in public perception of corruption (e.g. in some jurisdictions, bribes are no longer tax-deductible); however according to Transparency International, relatively few countries (even among the 40 members of the working group that account for two thirds of world trade and 90% of foreign direct investment) have substantial levels of enforcement. Enforcement can vary enormously, e.g. in three countries involved in one corruption case there were three very different legal responses, respectively resulting in conviction, exoneration and the release of some parties on grounds of human rights. In future, countries need to renew their pledge to enforce rules against corruption and find better ways to motivate companies and positively engage with them in the fight against corruption. Some MPs questioned the effects of complex rules and regulations, but in Kos's view, rules do not have to be complex: even simple rules can be effective if they are properly enforced. Others asked about penalising companies by way of financial results or ratings, but exclusion from future public procurement was mentioned as an important penalty.

Migration

A new OECD [publication on migration](#) provided the starting point for a discussion of migration in general, and more particularly, the current refugee situation in Europe. According to Jean-Christophe Dumont and Thomas Liebigh of the International Migration Division, the current refugee crisis is unprecedented in the

period since the Second World War for a number of reasons, including the large number of asylum-seekers (asylum-seeking is at an all-time high since 1980), the small number of entry points, the diversity of effects on countries (most affected is Turkey with 2.2 million Syrian refugees) and the presence of large numbers of children. The crisis is in fact the product of several crises (Syrian refugees accounted for only 14% of all asylum-seekers in OECD countries in the first half of 2015). Responding is particularly difficult in the light of recent economic recessions and budgetary restrictions in most EU Member States. Current challenges include the wide range of education and skills that migrants bring (low education can be a barrier to integration), the large numbers of children and the rapidity with which migratory routes change in response to events. As Gurría had emphasised earlier, well-designed integration policies are key in dealing with new migrants. OECD work indicates that it is important to act quickly when migrants arrive; to integrate them socially, countries should ensure they are placed where there are job prospects, and should link work and language training. MPs raised the need to educate the public about the positive aspects of migration (there is often a huge gap between perception and reality concerning the proportion of immigrants in society). In the OECD view, no country is able to face this issue on its own, and there is a need for a coherent European response.

The COP21 environment meeting

The OECD is working to create conditions for a successful COP21 [climate change](#) meeting in Paris in November and December 2015, particularly in terms of providing reliable evidence on climate change, supporting policy decisions of member countries in OECD working parties, and presenting policies to international organisations. Simon Burke, Head of the OECD climate division, noted that rapid changes in the global economy have meant that the contribution of developing countries to carbon emissions has increased considerably as a portion of overall emissions. Reaching the US\$100 billion goal for annual funding of mitigation efforts by developing countries will be one key to the success of the COP21 agreement, along with agreeing an ongoing means of assessing contributions, and finding a form for the agreement that provides 'legal force'. During the subsequent discussion, MPs highlighted the need for citizens to be educated about, and to get involved in, this issue in the light of the dramatic negative effects of (among other things) rising sea levels on tourism, and of rising temperatures on agriculture. Several raised the issue of economic models and the cost of both renewables and fossil fuels like coal, for which the price may be artificially depressed by subsidies or low rates of taxation; without effective means of capturing and storing carbon dioxide, the price of coal does not reflect the social costs or harm done to people through emissions and pollution. However, it may be difficult to ensure that 'nobody loses' through climate-change agreements when many depend on fossil fuels for their livelihood.

Employment

The final session of the meeting focused on the important issue of [employment](#), given that there are 42 million unemployed across the OECD countries (10 million more than at the start of the financial crisis). Mark Keese of the OECD employment directorate noted that the situation in individual countries varies considerably, with some (such as Spain and Greece) having lost more than 10% of their pre-crisis jobs, whereas Germany has a higher employment rate than before the crisis. Member countries need to help workers move up the job ladder. However challenges include the risk of long-term unemployment driving people permanently out of the workforce due to lost skills and experience, and the 15% of youth who are not in employment, education or training (NEETs). The OECD's most recent Employment Report found that inequality in terms of earnings is not confined to the initial career years (as one might think if workers start out at a low salary but then make rapid progress). Rather, earnings inequality tends to be quite persistent over the full length of a career, especially if the differences are not reduced in the first 10 years of employment. Another topic was minimum wages, which Keese felt should not be set at a level that discourages employment, but should take into account other social benefits that may be received in order to mitigate in-work poverty.

Future GPN meetings will offer parliamentarians and parliamentary staff opportunities to exchange views with MPs from other national and regional parliaments and OECD staff. A special GPN meeting to discuss BEPS will take place in Paris on 19 October 2015. Held jointly with the NATO Parliamentary Assembly meeting, the OECD Parliamentary Days, 3-5 February 2016, will allow bilateral meetings with OECD experts as well as programmed topical discussions with participants. The next regular GPN meeting will be held in Tokyo in April 2016.