

### Assistant Secretary Dan Sullivan Leads U.S. Delegation at OECD

Assistant Secretary of State for Economic and Business Affairs Daniel S. Sullivan arrived in Paris on November 2 & 3, 2006 to lead the U.S. delegation to the OECD's bi-annual Executive Committee in Special Session key discussions on current global economic challenges.

A/S Sullivan addressed many pressing issues on the OECD agenda during his brief visit, including how to manage national budget deficits, how to assist aging citizens, and how to finance possible OECD membership enlargement. Ambassador Morella joined A/S Sullivan in presenting U.S. initiatives and priorities, such as revisiting the OECD's current system of budget contributions. Delegates also discussed the G8, which coordinates regularly with the OECD. A Russian official described the successes of the July 2006 G8 summit that his country hosted and Germany shared plans as hosts of the upcoming 2007 G8 meeting.

In addition, Ambassador Morella hosted a working luncheon with A/S Sullivan and International Energy Agency (IEA) chief Claude Mandil, where the officials shared views on world energy situations and reaffirmed the benefits of U.S.-IEA cooperation. ■



Left to right: IEA Executive Director, Claude MANDIL; Ambassador MORELLA; Assistant Secretary of State Daniel SULLIVAN.

(Photo USOECD)

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Dear Friends,

Working hard to advance its multilateral agenda, the OECD has had an extremely ambitious fall program, hosting high-level forums, conferences, and meetings in Paris and throughout the world. It has also produced several well-received reports including the 2006 World Energy Outlook, Education at a Glance 2006, and the first-ever pilot study of corporate governance.

In November I participated in two conferences held in Istanbul, Turkey. The annual OECD Global Forum on Investment highlighted good practices for international investor participation in infrastructure and the implementation of the OECD's new initiative for helping countries improve conditions for attracting foreign direct investment, the Policy Framework for Investment (PFI). The forum focused on the pioneering experiences of Turkey as well as three non-Member countries: Egypt, Costa Rica and Romania, followed by a conference on public infrastructure projects and private investment. An estimated \$2 trillion (yes, trillion) in investment per annum will be needed to maintain infrastructure in developed and developing countries in the future.



USOECD AMBASSADOR CONNIE MORELLA

The Middle East North Africa (MENA) – OECD Investment Steering Group convened in Istanbul at the same time as the Global Forum. This successful program, supported by the United States, is now actively composed of 10 MENA countries, including Iraq and Libya. Countries presented their best examples of Public-Private Partnerships. In 2007, country action plans will be implemented.

The topic of economic nationalism has moved toward center stage in the work of the OECD. Delegations have supported increased work on this subject, and it will be on the agenda for the June 2007 G8 meeting to be chaired by Germany.

The OECD is reviewing potential candidates for both membership accession and enhanced engagement. We are proud of our outreach program working with emerging and developing economies around the world, sharing best practices, expertise, soft law, and peer reviews. Tom Freidman has written the book, "The World is Flat." At the OECD we believe that it still has some 'bumps' that need to be flattened so that every country plays by the same rules.

As we end this year, thanks are in order to the more than 1 000 official delegates who journeyed here from Washington this year to advance U.S. interests.

My appreciation goes to the dedicated men and women at our U.S. Mission. They continue to represent the best of what the United State is and what it values. It is an honor to represent our great country at the OECD.

May the new year be a good one for all.

I invite you to visit our website at [www.usoecd.org](http://www.usoecd.org) for more information about our work.

*Connie Morella*

## Portrait of a Diplomat – Asia Expert Retiring

Outgoing senior official Morton Holbrook describes the Chinese, close partners with the OECD, as a very warm and hospitable people. He should know – he served there three times during his nearly 30 years in the Foreign Service. Despite periodic human rights relapses, Morton bears witness to an era of considerable progress, both in China and in U.S. – China relations.

Morton's overseas career began deciphering handwritten Chinese posters on "Democracy Wall" in Beijing; it now draws to a close at the OECD in Paris, during one of the busiest times of his professional life. Morton's FSO career began in Taiwan where he met his wife during Chinese language training. From working on the China Desk, where he wrote the first-ever Human Rights Report on China, Morton then became the U.S. Consul General in Shenyang, a territory of some 100 million people. He moved on to the Embassies in Tokyo and Beijing, in charge of high-level visitors including President Clinton, Vice-President Gore and Secretary Albright.

Highlights of his days spent in China – crossing by jeep the frozen Heilongjiang River, between China and Russia, the first third-country official to travel between the two countries in almost half a century; and the first American official to visit many of China's provinces since the end of the Chinese Civil War in 1949.

What's next for Morton Holbrook? While he may answer the call to academia, one thing is for sure, his colleagues and friends alike wish him continued success and fulfillment in all of his adventures yet to come. ■



(Photo OECD)

Morton HOLBROOK enjoys one of his final OECD Budget Committee meetings with Member countries.

## PREPARING FOR GLOBALIZATION: OECD ENLARGEMENT AND ENHANCED ENGAGEMENT

The international economic system has changed markedly since the OECD was chartered to support the development of European and North American economies. This fall, the OECD Council began the process of identifying countries for potential accession or enhanced engagement with the Organization. Membership enlargement, on hold for over a decade, can bring the OECD's successes to regions that up to now have been on the outside of the OECD, which represents market-based economies with democratic political systems.

The Council's review has been based on four criteria, established two years ago under the leadership of Ambassador Seichiro Noburu, then Japan's Permanent Representative to the OECD. These criteria are like-mindedness, significant player, mutual benefit and regional considerations. While like-mindedness – a nation's commitment to market economies and democracy – is a key factor for OECD membership, the other three criteria are also important.

The OECD can continue to play a major role in shaping the rules of economic cooperation only if it reaches out to economies that are significant, present opportunities for mutual benefit (both to the OECD and the non-members) and represent all regions of the globe. Ultimately, membership enlargement and enhanced engagement will increase the relevancy of the OECD to the world economy.

The Council so far has conducted an initial review of twenty-two candidates, and the review process will continue through the end of the year. Council will then provide a preliminary assessment to Member capitals. At the same time, OECD Members are preparing the necessary preliminary work to undertake enhanced engagement and are also considering ways to finance both enlargement and enhanced engagement.

All Members agree that it is too soon to make decisions on which countries will be offered a closer relationship with the OECD, but the process has begun. The goal is an OECD that can do its work on a more global basis, multiplying the successes now enjoyed by its 30 member countries. ■

## MENA - A SUCCESS STORY

The OECD's Middle East and North Africa (MENA) initiative reached its two-year mark in November. Initially conceived as a three-year OECD program to enhance investment opportunities and improve governance in MENA countries, the program has attracted high-level interest and financial contributions from the region itself. Having obtained significant participation throughout the region, MENA's inclusiveness has been one of its triumphs. This was clearly evidenced in the high regional participation at the recent MENA Workshop held in Istanbul on November 8th.

### Investment

The Investment Program seeks to assist the efforts of MENA countries to improve their government investment policies and mobilize investment – foreign, regional and domestic – to promote economic growth, stability, and regional prosperity. To date, ten MENA countries have agreed on National Investment Reform Agendas and time-bound targets for implementation. A Ministerial meeting in Amman, Jordan in February 2006, attended by sixteen MENA countries, endorsed the goals of the investment program. The United States also sent a delegation, headed by Overseas Private Investment Corporation Chairman (OPIC) Robert Mosbacher Jr.

### Governance

The governance program's goal is to assist the efforts of MENA countries to modernize their government structures and processes, in order to promote economic development. On May 19-20, 2006 in Sharm el-Sheikh, Egypt, ten Arab Ministers participated in a Ministerial designed to reaffirm their commitment to the Good Governance for Development in Arab Countries Initiative. Department of State Deputy Assistant Secretary J. Scott Carpenter represented the United States. Carpenter urged Arab governments to make the fight against corruption a top priority. ■

## SPOTLIGHT ON THE OECD'S EXTERNAL RELATIONS COMMITTEE

The OECD maintains ties with a multitude of non-Member countries, regional organizations and international institutions. The External Affairs Committee (ERC) acts as a clearing-house for the Organization's cooperation with these governments and bodies.

Outreach to non-Members is an essential OECD function, designed to improve global policy coherence, enhance the functioning of the global economy, promote economic growth and prosperity and share best practices in public policy. There are several mechanisms for carrying out this ambitious outreach effort, including extensive participation by non-Member countries in the OECD's various policy committees.

As an important outreach tool, 'Global Forums' bring together officials, analysts, business leaders, researchers and other experts to consider issues that transcend national boundaries. The OECD uses this format successfully in a number of policy areas, including taxation, trade and competition. It also promotes activities focused on region-specific issues that can attract smaller and more homogeneous groups of countries.

The ERC oversees OECD relations with many international institutions, including the World Bank, the IMF and the G8. Cooperation with these institutions allows the OECD to contribute to analysis and policy formulation on a broad range of issues.

Finally, there are integrated country programs for Brazil, China and Russia, as well as targeted activities with other countries, designed to strengthen cooperation with non-Member countries of particular interest to the OECD. These programs facilitate policy convergence with OECD principles and standards.

External relations have taken on even greater significance as the OECD contemplates future enlargement of the Organization, and considers which non-Member countries appear best situated for accession. The ERC plays a key role in this process, pursuing its mandate to propose both concepts and content for "enhanced engagement" with selected partner countries. ■

## IEA ACCELERATES OUTREACH

On June 14, 2006 the Governing Board of the International Energy Agency (IEA) approved an accelerated outreach approach to three key countries: China, India, and Russia. The new strategy for engaging key non-Member countries was further refined at the October meeting of the Board. Memoranda of understanding or other formalized structures will be used only sparingly. IEA committees are encouraged, ideally in cooperation with other committees, to designate at least one meeting annually that will have an agenda focusing on topics of particular interest to one or more of the top priority countries. With rare exception, IEA non-Member countries will bear the full costs of their participation in meetings of the IEA. Willingness to pay is seen as an effective first test of their seriousness.

In 2007, the *World Energy Outlook*, the flagship publication of the IEA, will analyze the likely energy sector development of China and India, focusing on the power generation and transport sectors. The WEO will examine supply and demand trends to 2030, investment issues, pricing, and environmental implications. It also will assess the implications for regional and global markets for energy commodities of energy sector developments in both countries. The work will be carried out in cooperation with key partners of each country (The Energy Resources Institute (TERI) and the Indian Institute of Management for India and the Energy Research Institute for China). Workshops will be held in both countries in early 2007 to gather data for the WEO. ■

## OECD Executive Committee in Special Session



(Photo US/OECD)

From left to right: Richard HECKLINGER, OECD Deputy Secretary General; Andrei KONDAKOV, Director of Russian Foreign Ministry; ECSS Chairman and German State Secretary Bernd PFAFFENBACH; Matei HOFFMAN, German Ambassador to OECD; Ambassador MORELLA; Angel GURRIA, OECD Secretary General; Paul REID, Deputy Chief of Mission, U.S. Mission to the OECD; Daniel SULLIVAN, U.S. Assistant Secretary of State.

## Karen Hughes Receives Warm Welcome to France



(Photo USEMBASSY)

From left to right: Ambassador MORELLA; Karen HUGHES, Under Secretary of State for Public Diplomacy; Gerardo Della PAOLERO, President of the American University of Paris.

## Assistant Secretary DeRocco Leads U.S. Delegation at OECD



(Photo US/OECD)

From left to right: Carrie SNIDAR, Special Assistant to A/S DeRocco; Jim McCracken, Advisor for Energy Affairs, US/OECD; Ambassador MORELLA; Assistant Secretary of Labor Emily Stover DeROCCO; Melvin BRODSKY, Director of OECD Affairs, Bureau of International Labor Affairs.

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### Did You Know?

The OECD's Export Credit and Tied Aid disciplines save the U.S. Government over **\$800 million** per year, according to the U.S. Treasury. The Treasury Department also estimates that U.S. exports of capital goods are higher by at least **\$1 billion** a year as a result of the tied aid rules agreed to at the OECD. The OECD's work setting international standards for testing chemicals saves business and governments over **\$60 million** annually.

### Ambassador Morella Addresses Graduate Students from Schiller International University, Paris



(Photo USOECD)

Ambassador Morella and International Relations graduate students at the U.S. Mission to the OECD.

## 50 YEARS OF EDUCATIONAL, CULTURAL, AND ECONOMIC EXCHANGE

Citizen diplomacy is alive and well – judging by the mood at the conference of Sister Cities International, held this July in Washington, DC. Officials and citizens from around the globe joined with ambassadors, legislators, NGO representatives, and business leaders to celebrate the 50th anniversary of the grassroots movement endorsed by President Eisenhower in 1956.

With over 1800 Sister Cities partnerships around the world, including more than 1100 in OECD countries, American citizens are contributing to peace, education, good governance, and economic prosperity – fundamental objectives both of the United States and the OECD. The success of OECD's home city Paris and its sister cities, Washington, D.C. and Chicago, are excellent examples of what can be achieved when working together.

Sister Cities International has experienced precisely the type of success that the OECD seeks to promote in both member and non-member countries. At the July conference, an award for innovation in sustainable development went to Amesbury, Massachusetts and its sister city Esabulu, Kenya. Their achievement? The creation of a health center, water supply service, primary school, and youth theater in Amesbury's sister city, Esabula, and above all, mutual respect and goodwill between them.

The U.S. Mission to the OECD is particularly well-positioned to negotiate the official side of international cooperation. The more bridges we build with our non-governmental allies, the closer we will be to attaining the goals of freedom, prosperity, and peace by helping build strong democratic institutions. As Assistant Secretary of State Dina Habib Powell told the Sister Cities conference, "Our most valuable assets, and our most powerful assets, are our citizens." Sister Cities International creates the kind of civil society that dreams are made of. ■

### What's New @ OECD?

- Education at a Glance 2006: September 12, 2006
- Aid for Trade: Making it Effective: October 20, 2006
- Pilot Study of Corporate Governance in Turkey: October 17, 2006
- Competition Law and Policy in Latin America – Peer reviews of Argentina, Brazil, Chile, Mexico, and Peru: October 24, 2006
- Annual World Energy Outlook 2006: November 7, 2006
- Education Policy Analysis: Focus on Higher Education: November 13, 2006
- Economic Survey of Brazil: November 24, 2006
- Economic Survey of the Federation of Russia: November 27, 2006
- OECD Economic Outlook: November 28, 2006

### Key Quarterly Meetings and Events

- Aid for Trade: November 5-6, Doha
- OECD Global Forum on International Investment: November 6-7, Istanbul
- MENA Workshop on Public Private Partnerships: November 8, Istanbul
- Foreign Direct Investment – The Challenges of Liberalization and New Protectionism Conference: November 29, Berlin
- Improving Financial Literacy: November 29-30, Moscow
- OECD Tokyo Policy Forum "Investment Policy Review – China": November 30, Tokyo
- OECD Forum on African Debt Management and Bond Markets: December 7-8, Amsterdam
- NEPAD-OECD Investment Initiative: December 12-13, Congo