

## CO-CREATING THE FLOW OF CHANGE: LEADING GLOBAL DISCUSSIONS WITH OBJECTIVE AND RELIABLE APPROACHES TOWARDS SUSTAINABLE AND INCLUSIVE GROWTH

On the occasion of the 2024 OECD Ministerial Council Meeting, we<sup>1</sup> assembled on 2-3 May 2024 under the leadership of Japan as MCM Chair, on the 60th anniversary of its accession to the OECD, and as Vice Chairs the Netherlands, and Mexico celebrating its 30th anniversary of membership, on the theme of “Co-creating the Flow of Change: Leading Global Discussions with Objective and Reliable Approaches towards Sustainable and Inclusive Growth.”

1. As set out in the 2021 Vision Statement, we form a like-minded community committed to shared values of individual liberty, democracy, open and transparent markets, the rule of law, protection of human rights, gender equality, environmental sustainability, tackling inequalities, promoting diversity and social inclusion. Our work is underpinned by the OECD’s distinctive capability for objective and highly reliable evidence-based analysis, standards and robust peer reviews to address the global challenges of our time.

2. The macroeconomic situation is of modest growth with significant uncertainties surrounding disinflation pace and geopolitical tensions, which are affecting not only the economy, but society as a whole. In this context, we will address a wide range of social challenges such as demographic change, climate change, digital divides, and inequalities, to achieve sustainable economic growth, while dealing with fiscal challenges. We will also seek to build a sustainable and inclusive economy and society where all, including vulnerable groups, can experience prosperity and better lives. In order to achieve such a society while aiming at transforming initiatives to solve social challenges into engines for growth, we recognise the importance of improving productivity and quality of employment, as well as promoting science, technology and innovation through boosting investment, including in human capital such as education and skills training and R&D. We also reaffirm the importance of the digital and green transformations through wider applications of new technologies, fostering startups and supporting SMEs, striving to ensure free and fair trade, enhancing people’s well-being, and achieving gender equality and social and digital inclusion.

3. We condemn Russia’s aggression against Ukraine in the strongest possible terms. Russia’s unjustifiable and unprovoked war against Ukraine is a clear violation of international law and a serious threat to the rules-based international order. Russia’s war has caused human suffering, disrupted global supply chains, and diminished energy and food security worldwide. We reaffirm our commitment to support the people and democratically elected government of Ukraine and reiterate our firm commitment to Ukraine’s recovery and reconstruction including through the OECD Ukraine Country Programme, as part of an initial accession dialogue. We continue to work with the Ukrainian authorities, and in coordination with other international actors, and look forward to a successful outcome from the Ukraine Recovery Conference in Berlin in June.

4. We express deep concern about the negative economic and social impacts of the evolving conflicts in the Middle East.

5. In an increasingly complex geopolitical environment, we welcome the OECD’s increased global outreach and engagement, and its efforts to bridge advanced, emerging and developing economies in addressing global challenges and ensuring the

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<sup>1</sup> Ministers and representatives of Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, Croatia, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Republic of Korea, Romania, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Türkiye, the United Kingdom, the United States, and the European Union.

OECD remains a relevant and impactful organisation. We will strengthen the OECD's engagement with the United Nations in support of effective multilateralism. We strongly welcome the adoption of Argentina Accession Roadmap, along with the ongoing accession processes for Brazil, Bulgaria, Croatia, Peru and Romania. We will continue our collaboration with Key Partners and others, including through Regional and Country Programmes, emphasizing our engagement across diverse regions such as Southeast Asia, South East Europe, Middle East and North Africa (MENA), Latin America and the Caribbean (LAC) and Eurasia. We commit to further strengthening our cooperation with Africa through the implementation of the OECD-Africa Partnership, building on the signing of the Memorandum of Understanding (MOU) with the African Union and the launch of the African Virtual Investment Platform (AfVIP), to promote shared prosperity through sustainable and inclusive development. We will continue to contribute to global governance through our active engagement with the G20, G7 and APEC. We remain open to future requests for membership from all regions.

6. We reaffirm the strategic priority of the Indo-Pacific region with a view to identifying countries for potential membership and renew our commitments to the region on the occasion of the 10th anniversary of the OECD Southeast Asia Regional Programme (SEARP). Since the launch of SEARP in 2014, OECD co-operation with the Indo-Pacific has continued to strengthen and deepen through Country Programmes, Joint Work Programmes and regional networks. Building on this long-standing collaboration, we strongly welcome the historic decision to open accession discussions with Indonesia and adoption of the Accession Roadmap. We welcome Thailand's request to join the Organisation. We welcome the revision of the MOU with the Economic Research Institute for ASEAN and East Asia (ERIA) which strengthens OECD engagement in the region. We welcome the Implementation Plan for the OECD Strategic Framework for the Indo-Pacific, and commit to the promotion of global outreach and further dissemination of wide-ranging OECD standards and best practices in the Indo-Pacific region through its implementation. We will strive to enhance cooperation with the Association of Southeast Asian Nations (ASEAN) and other international organisations in the region.

7. We reaffirm our continued commitment to maintaining and strengthening the rules-based, inclusive, free and fair multilateral trading system, with the World Trade Organization (WTO) at its core. We reaffirm our commitments to WTO reform at the thirteenth WTO Ministerial Conference (MC13) which demonstrated the importance of strengthening and improving all the functions of the WTO, so that it can effectively respond to today's key global trade challenges. We will accelerate discussions on Dispute Settlement reform with a view to having a fully and well-functioning dispute settlement system accessible to all Members by 2024. We encourage all WTO members to promptly finalise their domestic processes to formally accept the WTO Agreement on Fisheries Subsidies so that it enters into force, and to conclude the negotiations on additional provisions, to reach a comprehensive agreement as soon as possible. We recognise the need for all WTO members to work towards a meaningful outcome on agriculture reform at MC14, in line with Article 20 of the Agreement on Agriculture. We support the ongoing work of the WTO and emphasise the role of the OECD in helping governments addressing challenges in areas such as development, the environment, small economies, micro, small and medium-sized enterprises, and gender equality. We welcome the decision to continue to re-invigorate the Work Programme on Electronic Commerce and to maintain the moratorium on customs duties on electronic transmissions as decided at MC13, which provides certainty and predictability for the digital economy. We also commit to working towards the conclusion of negotiations of the Joint Statement Initiative (JSI) on E-Commerce by the summer. We value the substantive work of the OECD on digital trade. We further welcome OECD work on level playing field. In this regard, as a leading norm to enhance transparency and accountability of state-owned enterprises (SOEs), we adopt the revised *OECD Recommendation on Guidelines on Corporate Governance of State-Owned Enterprises (SOEs)* and we recognise the importance of their implementation by both OECD Members and non-Members. We also recognise the importance of global level playing field and addressing non-market policies and practices,

which in turn support well-functioning markets underpinned by a rules-based system. We will continue our discussions on gaps between the existing WTO rules and real-world situations to secure a global level playing field including in relation to industrial subsidies and forced technology transfer. We welcome the implementation of the revised OECD Arrangement on Officially Supported Export Credits incorporating more flexible financing terms and conditions including for climate-friendly transactions, while ensuring a level playing field.

8. We affirm our commitment to enhancing cooperation on economic resilience and economic security through *inter alia* reducing vulnerabilities and countering practices that undermine international rules and norms. We recognise that the *Principles on Resilient and Reliable Supply Chains*, comprised of transparency, diversification, security, sustainability, and trustworthiness and reliability, are essential principles on which to build resilient supply chains among trusted partners, and we will work together to secure sustainable, reliable and trustworthy sources for strategic goods, including critical minerals essential for the green and digital transformations. We express serious concern over economic coercion, and call on all countries to refrain from its use which infringes upon the international order, centered on respect for sovereignty and the rule of law, and will work together with partners to ensure that attempts to weaponise economic dependencies will fail. We welcome OECD work that contributes to building our fact-based awareness on supply chain resilience and economic coercion and look forward to further analytical work. We commit to responding to comprehensive strategies to use non-market policies and practices that distort a global level playing field as well as other practices that create strategic dependencies and systemic vulnerabilities, which can then be exploited through economic coercion. We will work together on other economic security issues such as promoting and protecting critical and emerging technologies, enhancing resilience of critical infrastructure, and countering harmful practices in the digital sphere.

9. We welcome the revision of the *2019 OECD Recommendation on Artificial Intelligence (AI)* and call on the OECD to support international implementation of the revised Recommendation. With the recognition that the Hiroshima Process International Guiding Principles and the Code of Conduct complement the implementation of the Recommendation, we support the Hiroshima AI Process and stress the importance of advancing international efforts to improve interoperability between AI governance frameworks, including for generative AI. We welcome the additional countries who support the outcomes of the Hiroshima AI Process to promote safe, secure and trustworthy AI as part of the Hiroshima AI Process Friends Group. We look forward to the OECD's active contribution to international discussions on AI, at fora such as the UN, G7, G20, the Global Partnership on AI (GPAI), the AI Seoul Summit and the AI Paris Summit, with a focus on addressing the risk of mis- and dis- information and algorithmic biases as a major risk to our societies, democratic values and trust in institutions, as well as responding to impacts on the labour market and promoting an inclusive AI-enabling ecosystem. We call on the OECD to develop an action plan to harness the benefits and address the risks of AI in the labour market. We also welcome broad work on policy measures to counter mis- and dis- information including those relevant to OECD digital policies. We value the OECD's leading role in advancing Data Free Flow with Trust (DFFT), in promoting cross-border data flows and in providing expert analysis on the digital economy, including analytical work regarding challenges to the free flow of data. We encourage work to facilitate trusted data flows and welcome the Expert Community. We commit to initiating discussions on enhancing visibility of data governance and privacy and the possible options of further strengthening the relevant committee structure. We welcome the Declaration on Transformative Science, Technology and Innovation Policies for a Sustainable and Inclusive Future, adopted<sup>2</sup> at the Ministerial-level meeting of the OECD Committee for Scientific and Technological Policy (CSTP), and emphasise the need for transformative science, technology and innovation policies for a sustainable and inclusive future. We call on the OECD to develop guidance for a human-centric and rights-oriented digital transformation that benefits

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<sup>2</sup> The Declaration was not adopted by Israel.

all.

10. We will continue to work together to reform the international tax system through the swift and effective implementation of the OECD/G20 BEPS Inclusive Framework's Two-Pillar Solution to address the tax challenges arising from the digitalisation and globalisation of the economy. We call on all members of the Inclusive Framework to finalise expeditiously the work on Pillar One with a view to signing the Multilateral Convention (MLC) by the end of June. We welcome the 2023 update of the OECD/G20 Roadmap on Developing Countries and International Taxation. We recognise the respective roles of governments, business, and other stakeholders, and acknowledge the diverse approaches to implement relevant international standards, including the revised *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct*. We reaffirm the importance of strengthening international cooperation on global value chains to promote respect for human rights, including internationally recognised labour rights, and the protection of the environment, leading to increased predictability and clarity for businesses. We commit to the effective and timely implementation of the revised *G20/OECD Principles of Corporate Governance* that support the resilience and sustainability of corporations, which, in turn, contributes to the resilience and sustainability of the broader economy, and look forward to the finalisation of the revised *Methodology for Assessing the Implementation of the Principles*.

11. We welcome the revised *Declaration on International Investment and Multinational Enterprises*, which aims to enable an open and transparent international investment environment and encourage multinational enterprises to contribute towards economic and social development. To attract "more, better, and safe FDI", we will holistically consider inclusive economic growth, sustainability, and security in Emerging Markets and Developing Economies (EMDEs) and extend support to non-Member countries. Furthermore, we affirm the finalisation of the *Investment Facilitation for Development Agreement* and the continuation of discussions on its incorporation into the legal framework of the WTO.

12. Based on the outcome of the first Global Stocktake (GST), we reaffirm our commitment to strengthening the implementation of the Paris Agreement and accelerating urgent action in this critical decade to keep the 1.5°C goal within reach and to achieve the common goal of net-zero by 2050. We emphasise the importance of simultaneously achieving net-zero, economic growth, and energy security, pursuing various pathways while taking into account national circumstances and recognising the need to develop further clean energy technologies. We reiterate our call on the OECD to continue to examine environmentally beneficial and harmful support measures across all sectors and provide evidence-based analysis to support reform. We call on all Parties to the Paris Agreement and the United Nations Framework Convention on Climate Change (UNFCCC) to commit to work collectively to peak global greenhouse gas emissions immediately and by no later than 2025, and to contribute to global efforts in line with the Global Stocktake decision, including tripling renewable energy capacity globally, doubling the global average annual rate of energy efficiency improvements by 2030, accelerating efforts towards the phasedown of unabated coal power, and transitioning away from fossil fuels in energy systems in a just, orderly and equitable manner, accelerating action in this critical decade so as to achieve net zero by 2050 in keeping with the science. We urge all countries, in particular major emitters, to submit their next Nationally Determined Contributions (NDCs) with ambitious, economy-wide reduction targets, covering all greenhouse gases, sectors and categories and aligned with keeping a limit of 1.5 °C temperature rise within reach, based on the best available science and the highest possible ambition. We reaffirm existing UNFCCC climate finance efforts, including the developed country commitment to the collective goal of providing and mobilising US\$100 billion annually, which looks likely to have been met as of 2022 according to the statement by the OECD Secretary-General in 2023. We also look forward to an ambitious New Collective Quantified Goal on climate finance

in 2024. We recognise the role of the IEA in shaping a secure and sustainable energy future for all.

13. We emphasise that transition finance, in line with keeping a limit of 1.5°C temperature rise within reach, avoiding carbon lock-ins and based on effective emissions reduction, is needed as it contributes to achieving a net-zero society. We emphasise that the rapid mobilisation of private finance through the establishment of ‘high integrity carbon markets’ and utilisation of Article 6 of the Paris Agreement can contribute to achieving net zero emissions by 2050. We affirm the significance of the OECD’s work on the interplays between voluntary and compliance carbon markets to enhance environmental integrity. We endeavour to achieve sustainable productivity growth contributing to reducing GHG emissions in all economic sectors and to taking action to reinforce rural development and food security whilst strengthening our natural carbon sinks. We welcome the launch of the OECD report ‘A Territorial Approach to Climate Action and Resilience (TACAR)’ at COP28. We welcome the steady progress made at the Inclusive Forum on Carbon Mitigation Approaches (IFCMA), including the launch of the Ministerial dialogue and work on carbon intensity metrics. We expect new membership, cooperation with international organisations, and further work that will lead to greater progress on cross-border climate change initiatives.

14. Recognising the interlinked global crises of climate change, biodiversity loss, and pollution, we commit to enhancing synergies and preventing trade-offs, as appropriate, as we pursue transformation toward net-zero, climate-resilient, circular and nature positive economies, taking into account just transitions, in light of the sixth session of the United Nations Environment Assembly (UNEA-6) resolution 6/7 on promoting synergies. Given the importance of trade in a circular economy to enhance environmentally sound recycling at the global level, we will work with stakeholders, including businesses, to increase circularity in our economies and improve international cooperation, and to increase environmentally sound recycling, including through relevant OECD decisions and rules and coordination to implement procedures. We will promote circular businesses, which will include utilizing the circular economy and resource-efficiency principles. We are committed to taking urgent action in support of the swift and full implementation of the Kunming-Montreal Global Biodiversity Framework (KMGBF), including the transition to nature-positive economies. We are determined to revise our National Biodiversity Strategies and Action Plans (NBSAPs) in line with the KMGBF and its goals and targets, and continue to work towards the implementation of the NBSAPs. We commit to supporting efforts for a sustainable Oceans and Water management to advance long-term environmental, economic and social development. We also commit to playing a constructive role in the Intergovernmental Negotiating Committee with an ambition to complete the work by the end of 2024 to develop an international legally binding instrument on plastic pollution, based on a comprehensive approach that addresses the full life cycle of plastic.

15. We reaffirm universal respect for human rights and fundamental freedoms for all as enshrined in the UN Charter, and commit to achieving sustainable development in a peaceful and stable international environment. Recognising the importance of human dignity, we recommit to supporting, as an international community, developing countries most in need in achieving the Sustainable Development Goals (SDGs). The Humanitarian-Development-Peace (HDP) Nexus and the Women, Peace and Security (WPS) agenda, including its application to Disaster Risk Reduction (DRR), are increasingly important for building diverse and resilient societies to sustain peace. In this regard, we emphasise the need to address financing gaps to achieve the SDGs using all sources of finance. We continue to invite all providers of development cooperation to adhere more closely to international standards and practices that improve effectiveness, transparency and accountability in development cooperation. In particular, development finance should be provided in a transparent and fair manner in line with international rules and standards. We emphasise the importance of stepping up implementation of the G20 Common Framework in a predictable, timely, orderly and coordinated manner, and call on the international community to further enhance debt transparency through

actions by all creditors and debtor countries, including through debt data sharing exercises. We commit to contributing to discussions towards the Summit of the Future and the Fourth International Conference on Financing for Development. We note that to follow up on the Summit for a New Global Financing pact (NFP), the OECD hosts the Secretariat of the Paris Pact for People and the Planet (4P). We commit to promoting quality infrastructure investment in line with the G20 Principles for Quality Infrastructure Investment and through the G7 Partnership for Global Infrastructure and Investment and initiatives such as the Global Gateway. We welcome efforts to operationalise the Blue Dot Network (BDN), and the hosting of the BDN secretariat in the OECD. We acknowledge the progress of the FAST-Infra certification scheme. We encourage the OECD to analyse and address the potential impact and spillovers of OECD standards and recommendations on non-Members, especially on developing countries. Furthermore, building on the commitments in our 2021 Vision Statement, we will deliver a new whole-of-OECD Strategy on Development for adoption at the 2025 MCM, to optimise our approach to sustainable development.

16. In line with *the OECD's Contribution to Promoting Gender Equality*, we encourage the OECD to continue to mainstream gender equality and inclusion, taking an intersectional approach, grounded in credible analysis using gender-disaggregated data. We welcome the progress of the Gender Dashboard, currently in its pilot phase, the gender policy reviews and the Gender Data Initiative, as well as the upcoming first edition of the OECD Forum on Gender Equality that incorporates best practices. Towards the goal of achieving a sustainable and inclusive economy and society, we commit to making progress to reduce gender gaps in employment and pay. We also recommit to building resilient education and training systems, to ensure inclusive and equitable quality education for all, from early childhood, through to the provision of lifelong learning opportunities as well as learning opportunities to improve well-being. We recognise the importance of using multidimensional indicators, in addition to economic growth as measured by GDP, with a view to improving all people's well-being, and welcome the establishment of the OECD Knowledge Exchange Platform on Well-being Metrics and Policy Practice (KEP) that provides a space for sharing experience and solutions across countries. We also welcome the OECD Forum on Well-being to be held in Rome in November. We welcome the commitments made at the OECD Health Committee Ministerial Meeting in the Declaration on Building Better Policies for More Resilient Health Systems and hope that the OECD will contribute to promoting Universal Health Coverage (UHC) and strengthening pandemic prevention, preparedness and response (PPPR).

17. We commend the OECD's policy recommendations based on credible data-based analysis. We support the Secretary-General's efforts to enhance the global-relevance and inclusiveness of the OECD. We also support his endeavour to strive to achieve gender equality, nationality diversity and inclusion in line with OECD Staff Regulations. We look forward to the OECD's continued support in delivering quality, data-driven policies for sustainable societies so that future generations can enjoy economic and social well-being.

18. We welcome the designation of Costa Rica as the Chair of the MCM in 2025.