



## Resolution 2526 (2024)<sup>1</sup>

# Globalisation in times of crisis and war: the role of the OECD since the Russian Federation's aggression against Ukraine

### Parliamentary Assembly

1. The Parliamentary Assembly of the Council of Europe, enlarged to include the delegations of the national parliaments of the Organisation for Economic Co-operation and Development (OECD) member States that are not members of the Council of Europe and a delegation from the European Parliament, is a unique platform for parliamentary scrutiny of OECD activities. Every two years, it holds the enlarged Assembly debates focusing on specific themes, defined in collaboration with the OECD.

2. The last enlarged Assembly debate, held in April 2021, focused on “Fighting fiscal injustice: the work of the OECD on taxation of digital economy”. [Resolution 2370 \(2021\)](#) underlined that fair and redistributive taxation is both an essential tool for governments to raise the funds necessary for the proper functioning of public services and a fundamental anchor for democracy, and commended the role of the OECD in this field and its work on the Inclusive Framework on Base Erosion and Profit Shifting (BEPS), which are instrumental in reaching global consensus on how to make the international tax system fairer and more stable. The enlarged Assembly welcomes the steps taken towards implementing the global minimum tax by 2025 and encourages the OECD to persevere in completing the set of measures foreseen under the two-pillar solution together with its efforts to build tax capacity in developing countries.

3. This time, the enlarged Assembly focuses on the ways in which the new global context, resulting *inter alia* from shocks provoked by the Covid-19 pandemic and the Russian Federation's war of aggression against Ukraine, has affected the already existing negative trends in globalisation and the role that the OECD can play to mitigate them. Worries about trade dependencies and supply disruptions are not new, but current public debates put them in the spotlight, particularly as global economic and geopolitical outlooks are worsening. They have recently resulted in another wave of calls for “slowbalisation”, “deglobalisation”, “friendshoring”, “nearshoring”, creation of “trading blocks” or “relocalisation”. Tensions between the United States of America and China on broader geopolitical issues have also raised the spectre of “decoupling” of the two world's biggest economies. Even the perspective of eventual trade wars between the USA and the European Union was discussed, in the aftermath of the US Inflation Reduction Act (IRA), which came into effect on 1 January 2023.

4. The enlarged Assembly notes with interest the OECD's statement on the occasion of the 2023 OECD Ministerial Council Meeting, under the theme: “Securing a resilient future: shared values and global partnerships”. On this occasion, OECD member States reaffirmed the following: “Our like-minded community remains committed to: the shared values of individual liberty, democracy, the rule of law, human rights, gender equality, environmental sustainability and tackling inequalities, as set out in our 2021 Vision Statement; as well as diversity and inclusion. ... We reaffirm the importance of multilateralism and standing united in addressing global challenges, and in reaching out beyond our current membership to enhance and develop global partnerships. ... We value the OECD's role in promoting free and fair trade, investment, and supply chain resilience, as set out in the new OECD trade strategy; and facilitating international cooperation to counter attempts to undermine open, market-based economic systems.”

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1. *Assembly debate* on 24 January 2024 (4th sitting) (see [Doc. 15868](#), report of the Committee on Political Affairs and Democracy, rapporteur: Mr George Katrougalos; and [Doc. 15887](#), opinion of the Committee on Social Affairs, Health and Sustainable Development, rapporteur: Ms Liliana Tanguy). *Text adopted by the Assembly* on 24 January 2024 (4th sitting).



5. The enlarged Assembly is worried that, according to the OECD, in the wake of the Covid-19 pandemic, the Russian Federation's war of aggression against Ukraine and the related energy and cost-of-living crisis, most OECD countries have been grappling with fiscal deficits, elevated public debt levels and a subdued outlook for economic growth. In 2022, across the OECD as a whole, total government spending was estimated to be close to 43% of the gross domestic product (GDP), about 2.5% higher than the 2017-2019 average. The public debt/GDP ratio is estimated to have increased by almost 6% over the same period. The recent increases in public-sector wages and welfare benefits to reflect high inflation have introduced further pressure on public spending. Medium- and long-term trends such as population ageing and the rising relative price of services will continue to put additional pressure on government spending on pensions, public health and long-term care.

6. The enlarged Assembly is further worried that the compounding effects of the Covid-19 pandemic, global conflicts, the climate crisis and rising inequalities have reversed global progress on poverty reduction. The number of people living in extreme poverty, which had markedly fallen for almost twenty-five years, is now on the rise. In 2020, 700 million people were living in extreme poverty and nearly half of the world was living with less than US\$6.85 a day. With a full-scale military invasion of the sovereign territory of Ukraine and the destruction of traditional food supply chains, the Russian Federation has put at least 70 million people worldwide on the brink of starvation. The Human Development Index value is declining for the first time on record, with nine out of 10 countries globally registering a backslide in health, education and standard of living. In this framework, democracies are under unprecedented levels of pressure from inside and outside. The polarisation of political discourse, geopolitical tensions, rising inequalities, public health and economic crises, and creeping foreign interference in democratic processes – all also fuelled by mis- and disinformation – have tested citizens' trust in public institutions and are driving many governments to strengthen and protect democratic values and processes. The enlarged Assembly urges the OECD to put forward strong policy measures to help its member States and developing countries reverse the backslide in poverty reduction and human development.

7. Inflation pressures emerged in nearly all OECD economies at an unusually early stage during the recovery from the pandemic in 2021, pushed up by supply bottlenecks and a rapid rebound in the demand for goods. With the Russian Federation's war of aggression against Ukraine in February 2022 disrupting food and energy markets and the Russian Federation intentionally weaponising food and energy supplies, inflation around the globe has increased to levels that many economies had not experienced since the 1970s. High inflation has generated a cost-of-living crisis, eroding households' real disposable income and living standards and slowing consumer spending growth, with strong distributional effects. Low-income households and rural households are typically hit the hardest by higher food and energy prices given the composition of their spending. Nominal wages have not kept up with inflation and real wages have declined in virtually every OECD country. The Covid-19 crisis affected the economic well-being of vulnerable groups, such as youth and children from disadvantaged households, much more than other groups. Low-skilled workers and low-income families are also more likely to be hit in the current environment of high inflation, economic slowdown and the Russian Federation's war of aggression against Ukraine.

8. In this framework, the enlarged Assembly recalls its [Resolution 1899 \(2012\)](#) "The activities of the Organisation for Economic Co-operation and Development (OECD) in 2011-2012", where it noted the urgent need for policies which promote cohesion of our societies and tackle social inequalities, in line with the suggestions of the International Labour Organization (ILO), *inter alia* in the fields of youth employment, education, public health, training and adequate pensions. The enlarged Assembly once more urges the OECD to intensify its work in these areas and to seek synergies with relevant international partners, notably the European Union and the ILO, in order to improve public response on fiscal, labour and social challenges. In the medium to long term, governments would need budget frameworks to ensure fiscally responsible spending levels, by reallocating resources from low-valued areas to those where they are most socially needed, as encapsulated in the OECD Spending Better Framework.

9. The enlarged Assembly notes that, in 2021, the inaugural OECD Survey on the Drivers of Trust in Public Institutions (Trust Survey) of 22 OECD countries found that four in 10 respondents trusted and four did not trust their national government. Fewer than one third of respondents, cross-nationally, thought the political system in their country allowed them to have a say in government decision making, and a similar share believed that the government would adopt opinions expressed in a public consultation. Young people, those with low levels of education and low incomes on average trust government less than other groups do. These trends demonstrate the need for OECD countries to reinforce their democratic governance systems, through measures that strengthen citizens' participation in the political process and confront the spread of mis- and disinformation, which can discourage democratic engagement, distort policy debates and undermine societal resilience. In this vein, the enlarged Assembly welcomes the OECD Declaration on Building Trust and

Reinforcing Democracy, adopted by the ministers in November 2022 during the Ministerial Meeting of the OECD Public Governance Committee, which includes commitments and actions to strengthen trust and democracy. It also welcomes the biennial OECD Trust Survey, which monitors public perceptions of competence and values of public institutions and their relationship with levels of trust in the country.

10. The enlarged Assembly is also extremely worried that, in view of the current extreme poverty rise trend referred to in paragraph 6 above, a projected 575 million people will still be living in extreme poverty and only one third of countries will have halved their national poverty levels by 2030, pushing the United Nations Sustainable Development Goal (SDG) 1 to “end poverty in all its forms everywhere” out of reach. As low- and middle-income countries simultaneously face growing financing needs, spiralling debt and declining available financing for sustainable development, notably in terms of government revenues, their SDG financing gap reached US\$3.9 trillion in 2020, a 56% jump from 2019. In this framework, the Community of Practice on Poverty and Inequalities (CoP-PI) of the Development Assistance Committee (DAC), a platform developed by the OECD to support DAC members in maximising their development co-operation’s focus, is a useful tool. The enlarged Assembly urges the international community and especially Council of Europe member States to strengthen international assistance and solidarity, ensuring that support during short-term crises is coupled with a maintained focus and accelerated progress in pursuit of long-term development goals and a fairer global economic order, particularly in support of the world’s poorest and most vulnerable countries.

11. In the same vein, the enlarged Assembly notes that the slowdown of international migration witnessed during the Covid-19 pandemic has been reversed, due to a strong bounce back in economic and administrative activity, the reopening of borders and the Russian Federation’s war of aggression against Ukraine, which triggered a refugee and humanitarian crisis at a scale unseen in Europe since the Second World War. There are also concerns that climate change could spur large-scale movements of people. According to some projections, natural disasters will displace hundreds of millions of people in the coming decades. The impact of climate change on human mobility is difficult to isolate. Climate change is only one of several, often compounded, factors that influence migration and displacement, which include declining or volatile agricultural incomes, shrinking livelihoods, conflicts over natural resources and rising food insecurity.

12. The enlarged Assembly is concerned about natural disasters but also about man-made disasters, such as the deliberate destruction of the Kakhovka Dam by the Russian Federation on 6 June 2023, which risks causing extensive damage to the ecosystem, threatens food security and leads to the displacement of hundreds of thousands of people.

13. The polycrises of the last years have forced the re-examination of climate policy design and implementation, bringing new challenges as well as opportunities. Climate change mitigation will require a fundamental, massive and rapid transformation of our economies and energy supply. Strong policies to reduce emissions, improved technologies and large-scale investment will be crucial. The substantial changes implied by a resilient transition to net-zero emissions cannot be seen in isolation from rapidly changing wider circumstances – whether from social, economic or environmental perspectives. Holistic policies should serve simultaneously the environment and social justice.

14. However, the enlarged Assembly notes that increased long-term climate ambition has not been met with commensurate credible action in the short term. A rapid acceleration in action is still needed if climate goals are to be reached. Avoiding the worst effects of climate change means reducing emissions globally by 45% from 2010 levels by 2030, and to net-zero emissions by 2050, according to the Intergovernmental Panel on Climate Change (IPCC). The urgency of the climate crisis is amplified by the growing risks of crossing climate tipping points. At a certain level of warming, these elements of the global climate system may pass points of no return that would result in irreversible and often abrupt changes to our environment, including potentially severe regional or local hazards. The enlarged Assembly fully supports initiatives such as the creation of the Inclusive Forum on Carbon Mitigation Approaches, a recent OECD initiative designed to reduce carbon emissions through better data and information sharing, evidence-based mutual learning and inclusive multilateral dialogue. Especially useful are also the OECD’s other two flagship initiatives on climate and economic resilience: Net Zero+: Climate and Economic Resilience in a Changing World and the International Programme for Action on Climate. The enlarged Assembly welcomes the OECD’s firm commitment to the fight against climate change and poverty by its hosting the Secretariat of the Paris Pact for People and the Planet, which will be responsible for implementing the ambitious road map drawn up at the Summit for a New Global Financing Pact in Paris in June 2023. The enormous damage caused to the environment as a result of the war of aggression of the Russian Federation against Ukraine also requires the creation of an international mechanism for providing compensation and holding the aggressor accountable for the damage caused to the environment. The Register of Damage Caused by the Aggression of the Russian Federation against Ukraine created under the auspices of the Council of Europe should become one of the key elements of this mechanism.

15. In this context, the enlarged Assembly stresses the need for States and enterprises to recommit towards the achievement of the SDGs. It welcomes the 2023 edition of the *OECD Guidelines for multinational enterprises on responsible business conduct*, in particular as regards enhanced environmental and social responsibility and due diligence in gathering and using personal data. The enlarged Assembly commends the OECD for its work in this area and encourages it to further co-operate with relevant actors in order to strengthen business compliance with the appropriate national norms and international standards.

16. The 2021 enlarged Assembly debate found the role of the OECD to be instrumental in facilitating discussions and providing solutions in complex multinational negotiations on fiscal justice. So far, the delineation of policies in two pillars, the programme of work, the January 2020 statement as well as the latest publication *Tax Challenges Arising from Digitalisation – Economic Impact Assessment*, which came out in October 2020, and the OECD/G20 Inclusive Framework on BEPS Cover Statement on the Reports on the Blueprints of Pillar One and Pillar Two have provided a concrete basis for discussion. The enlarged Assembly considers that maintaining momentum and finding solutions to the remaining issues through the OECD/G20 Inclusive Framework is paramount for all countries and institutions involved in the process. As already stated in [Resolution 2370 \(2021\)](#), the absence of implementation of the two-pillar solution would put the world at a greater risk of a proliferation of unco-ordinated and unilateral tax measures (such as digital services taxes) and could result in an increase in damaging tax and trade disputes.

17. The enlarged Assembly considers it essential that the community of OECD member countries and accession candidate countries remains committed to shared values, as reiterated in the 2023 Ministerial Council Statement, as well as to multilateralism and unity in addressing global challenges. On the basis of the co-operation agreement between the OECD and the Council of Europe, the two organisations should continue working together in the field of artificial intelligence (AI). In this connection, the enlarged Assembly welcomes the fact that the OECD hosts the Secretariat of the Global Partnership on Artificial Intelligence (GPAI) that promotes AI based on the human rights and democratic values shared by its members. The role of collaborating institutions, such as the Council of Europe, **should be to support building consensus among its members, while offering a helping hand in bridging diplomatic divides. The enlarged Assembly also invites the OECD to provide the participants of the enlarged debate, between now and the next debate, with information regarding its policy initiatives on the issues to which this Resolution refers. Holistic policies taking account not only of fiscal and economic challenges but of all aspects of countries' realities and aspirations for development, including environmental challenges, labour and social policies, hold the key for an efficient response, with a focus on leaving no one behind. The enlarged Assembly underlines the importance of ensuring the indivisibility of rights and encourages the OECD to build its policy advice to member countries on this basis, in particular as regards measures needed to guarantee economic and social rights and protect the right to a safe, clean, healthy and sustainable environment.**

18. The enlarged Assembly welcomes the two new members of the OECD, Colombia and Costa Rica. It decides that 12 seats and votes will be allocated to the delegation of Colombia, and four seats and votes will be allocated to the delegation of Costa Rica, to participate in the debates of the enlarged Assembly.

19. The enlarged Assembly reiterates its belief that full respect for democracy, human rights and the rule of law, including international law, should constitute an essential criterion for judging whether a candidate country should be invited to join the OECD. In this context, it welcomes the adoption of "Accession Roadmaps" for candidate countries to OECD membership: Brazil, Bulgaria, Croatia, Peru and Romania, as well as the opening of an initial accession dialogue with Ukraine, which has made an application to join the OECD. The enlarged Assembly encourages the OECD to continue further enlargement and to invite countries meeting membership criteria to accession negotiations.

20. The enlarged Assembly also welcomes the OECD's increased global outreach, including its close work with some of the world's largest economies: Brazil, China, India, Indonesia and South Africa, who are key OECD partners, and its collaboration with many other countries at a regional level, notably through regional initiatives, covering Africa, Eurasia, Latin America and the Caribbean, the Middle East and North Africa, South East Asia and South-East Europe.

21. Lastly, the enlarged Assembly resolves to amend the Rules of Procedure for enlarged debates of the Parliamentary Assembly on the activities of the OECD (see appendix) to take account of the OECD enlargement, as well as various changes in the Parliamentary Assembly's Rules of Procedure.

**Appendix – Modification of the Rules of Procedure for enlarged debates of the Parliamentary Assembly on the activities of the OECD**

1. The Rules of Procedure for enlarged debates of the Parliamentary Assembly on the activities of the OECD are modified as follows:

1.1. in Section I on “General Principles”, replace paragraph 2 with the following paragraph:

*“These debates shall be public and shall usually take place every two years on the occasion of a part-session of the Parliamentary Assembly. They shall be based on a report presented by the Committee on Political Affairs and Democracy and focused on specific themes to be defined by the rapporteur in collaboration with the OECD.”*

1.2. in Section II on “Participants”, paragraph 2, replace the words “Appendix 1” with the words “the appendix”.

1.3. in Section V on “Right to speak”, replace paragraph 5 with the following paragraph:

*“Speakers in a debate may speak for not more than three minutes. The rapporteur shall have ten minutes to introduce the report and to reply to the debate. However, if circumstances so require, the occupant of the Chair may reduce these speaking times.”*

1.4. in Section IX on “Procedure in committee and examination of the report in reply to the OECD activity report”, replace paragraph 2 with the following paragraph:

*“At meetings of the Parliamentary Assembly committee in question, delegations of the national parliaments of the OECD member States which are not members of the Council of Europe shall be allocated the following number of votes:*

- Japan, Mexico and United States of America: 4 votes
- Canada, Colombia and Republic of Korea: 3 votes
- Australia and Chile: 2 votes
- Costa Rica, Israel and New Zealand: 1 vote.

1.5. in the appendix on “Apportionment of seats and votes”, replace paragraph 2 with the following paragraph:

*“The Parliaments of the following States shall have the number of seats and votes specified below (maximum 18):*

- Australia 8
- Canada 12
- Chile 7
- Colombia 12
- Costa Rica 4
- Israel 3
- Japan 18
- Republic of Korea 12
- Mexico 18
- New Zealand 4
- United States of America 18»