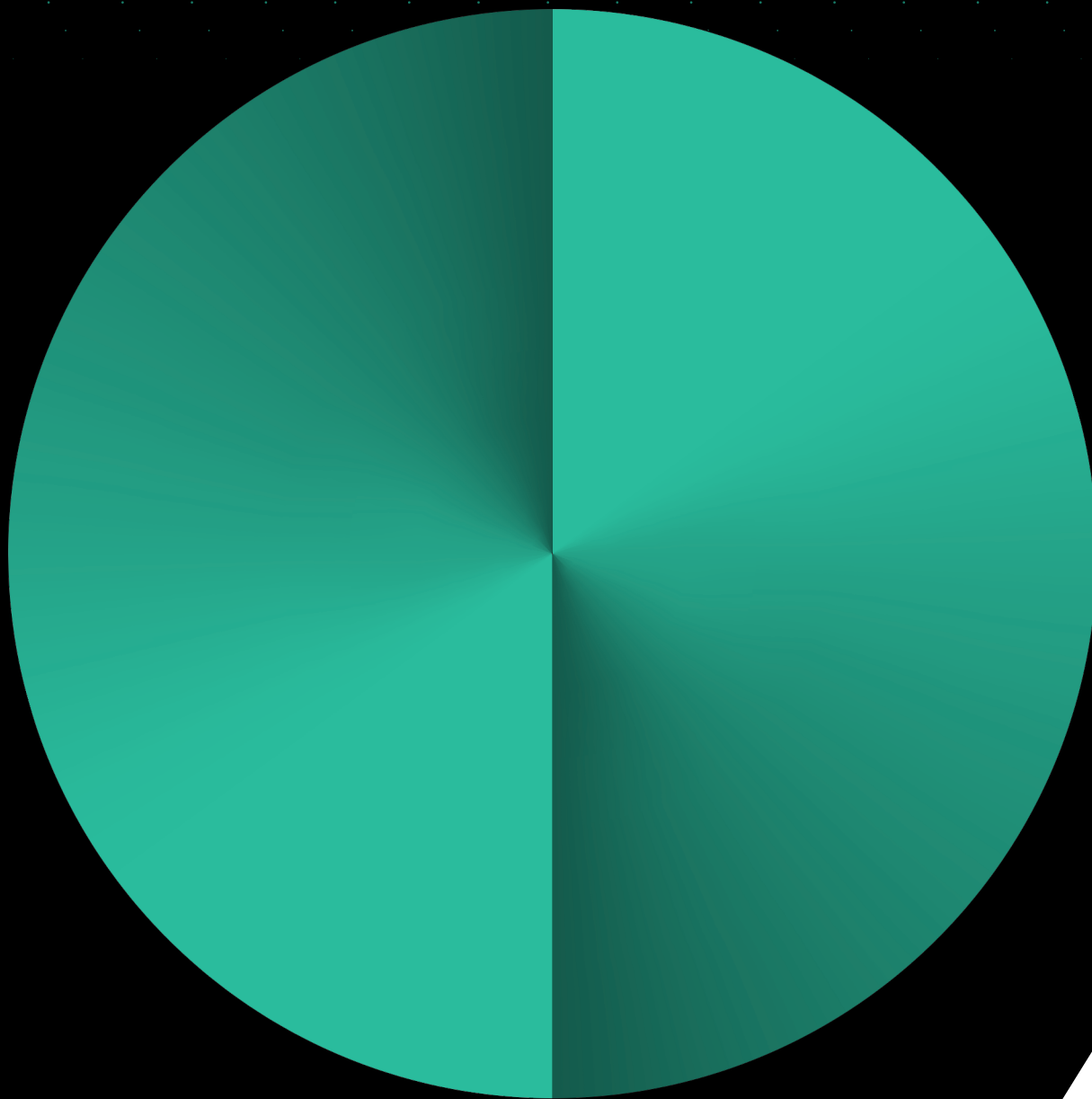


# Meeting of the OECD Council at Ministerial Level

Paris, 7-8 June 2017



**REPORT OF THE CHAIR OF THE WORKING  
GROUP ON THE FUTURE SIZE AND  
MEMBERSHIP OF THE ORGANISATION TO  
COUNCIL**

**FRAMEWORK FOR THE CONSIDERATION  
OF PROSPECTIVE MEMBERS**

**Report of the Chair of the Working Group  
on the Future Size and Membership of the  
Organisation to Council**

**Framework for the Consideration of  
Prospective Members**

## **Mandate and scope of the strategic reflection**

1. At the Ministerial Council Meeting (MCM) 2016, Ministers called “*for a strategic reflection by Members on the future size and membership of the Organisation and for a report to the 2017 MCM*” [C/MIN(2016)8/FINAL]. To fulfil this mandate, the Council created a Working Group on the Future Size and Membership of the Organisation (hereinafter ‘WGM’ or ‘Working Group’) in September 2016 and established its composition in October 2016.

2. Under the chairmanship of Ambassador Michelle d’Auray (Canada) and the Bureau composed of the Ambassadors of Australia, Portugal, Spain and Switzerland, the Working Group convened 12 times from November 2016 to May 2017 to conduct a strategic reflection on:

- The future of the Organisation as set out in the OECD 50<sup>th</sup> Anniversary Vision Statement [C/MIN(2011)6/FINAL];
- The composition and size of the Organisation, determined by a strategic, diverse and geographically representative membership to ensure the continued agility and effectiveness of the Organisation which is based on consensus among Members and supported by the Secretariat;
- The strategic approach to potential expansion and the establishment and codification of objective criteria for Council’s consideration of prospective Members<sup>1</sup>, as well as a process for the Council’s decision-making in this regard, building on existing legal and policy frameworks and recent discussions and decisions on membership.

## **Background and context**

3. The last review of the OECD’s size and membership took place in 2004 under the Chairmanship of Ambassador Noboru (Japan), whose report [C(2004)60, hereinafter ‘Noboru Report’] defined four criteria to assess potential candidates for accession: like-mindedness, significant player, mutual benefit and global considerations. To quote the Noboru report:

*“While ‘like-mindedness’ and ‘significant player’ focus on defining the eligibility of an individual candidate, ‘global considerations’ concerns the overall balance of the membership. Also, while the first two criteria, together with ‘mutual benefit’, work as ‘selective’ elements of the membership composition, ‘global considerations’ is ‘reflective’ of the overall composition of membership. In practice, it is argued that none of the criteria above should be used as a tool to negatively ‘filter’ candidates.”*

4. Having regard to the Noboru Report as well as to the mechanism established in 2006 to identify countries for potential accession, the OECD opened accession discussions with five countries in 2007 [C/MIN(2007)4/FINAL], four of which have since acceded to the Organisation: Chile, Estonia, Israel and Slovenia.<sup>2</sup> Two new accession processes were launched in 2013 [C(2013)58/FINAL] and 2015, with two countries each. Latvia having joined the Organisation in 2016, the OECD is currently at 35 Members, reaching 38 once Colombia, Costa Rica and Lithuania are invited to accede.

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1. A prospective Member is a non OECD Member country, which has officially signalled its interest and commitment in becoming a Member of the OECD or a country identified by the Council as a priority for Membership for the Organisation’s relevance and impact.
  2. Accession discussions with the Russian Federation were put on hold in 2014.

5. The Resolution adopted by Ministers in 2007 launched a new round of accession discussions, ten years after the last round. It also established a strategy for enhanced engagement with five Key Partners - Brazil, China, India, Indonesia and South Africa - with a view to possible membership, as well as with selected countries and regions of strategic interest, with priority given to South East Asia. This strategic approach was confirmed in 2011 by the 50<sup>th</sup> Anniversary Vision Statement and again in 2013 by the Resolution of the Council on Strengthening the OECD's Global Reach.

6. This strategy of enhanced engagement remains pertinent today in the context of the shifts which have occurred in the international architecture, in which global fora (G7 and G20), as well as regional alliances (APEC, ASEAN, Pacific Alliance, etc.) are increasingly important as is the OECD's role in supporting them.

7. Interest in the OECD by non-Member countries remains strong as they seek opportunities to establish closer ties with the Organisation to benefit from its expertise and policy advice. Simultaneously, the OECD's increasing leadership on global policy issues has generated interest on the part of a number of countries to actively pursue Membership, six of which have submitted a written request for accession over the past year.

### **The future of the Organisation as a global policy network**

8. The OECD is successful and effective as an inclusive policy network and in advancing its legal instruments, standards and norms around the world. In many areas, these have become global references: The Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Declaration on Automatic Exchange of Information for Tax Purposes, the Base Erosion and Profit Shifting (G20/OECD BEPS Project) and the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting, the Code of Liberalisation of Capital Movements, the Declaration on International Investment and Multinational Enterprises, the G20/OECD Principles of Corporate Governance and the OECD Guidelines for Multinational Enterprises count among the most prominent examples. Moreover, the OECD's engagement in the G20 continues to gain importance as a strategic tool to enhance the global dissemination of OECD Standards, legal instruments and policy advice.

9. The OECD's engagement with strategic regions of the world, including South East Asia, Latin America and the Caribbean (LAC), Eurasia, the Middle East and North Africa (MENA), and South East Europe (SEE), has contributed to the Organisation's role and recognition as a global policy-network, reinforced by framework agreements with three Key Partners and a range of other Global Relations tools, as well as by the membership of OECD non-Member countries in a number of OECD bodies.

### **The role of Members and the size of the Organisation**

10. During the course of the discussions of the Working Group, Members affirmed their commitment that the Organisation continue to remain open to new Members, recognising at the same time that the OECD need not be universal to be effective. It is not size but first and foremost the quality of its work and the implementation of its legal instruments, standards, norms and policies internationally that has determined its impact and effectiveness.

11. The OECD is a Member-driven organisation, based on consensus, that relies on a Secretary-General for the delivery of its mission. The quality of its work is ensured through the close cooperation between Members and the Secretariat to develop, test and promote evidence-based policies and OECD standards, using comparable data, peer reviews, expert committees and structured dialogues. This makes the OECD a unique multilateral organisation in the international architecture. In this respect, membership

obligations are key: they are fundamental to the ability of Members to challenge each other for the sake of mutual benefit, advance policy development and monitor policy implementation.

12. The Organisation's reach is also determined by its ability and that of its Members to influence and engage with a range of partners worldwide to promote their adherence to OECD standards. The Organisation's membership therefore needs to continue to be strategic and geographically representative to enable and sustain the quality and rigour of its policies and standards so that they can be applied and implemented internationally. The continued and future success of the Organisation also requires a sustained focus on global engagement.

13. While there is no hard and fast rule on the ultimate size of the OECD, Members have generally agreed that membership can continue to grow at a pace and to a size that ensures the Organisation remains effective, learning from previous accession processes. As indicated above, should the Organisation invite to become Members the three countries currently in accession, total membership would rise to 38; five countries have been identified as Key Partners; several countries have recently signalled their interest to join the Organisation; and yet others may do so from a variety of geographic regions. Taking into account these elements could bring the OECD's membership to eventually 50 countries over time. This is neither a target nor a ceiling, but an accounting of the possible size given Members' considerations with regard to enlargement and strategic geographic engagement.

14. The OECD Convention affirms that consensus ("mutual agreement of all the Members") is the general principle for taking decisions, unless otherwise agreed unanimously for special cases. On that basis, in 2014, Council adopted a number of governance and decision-making measures. Council agreed to assess these in 2019, on the basis of a report prepared by the Secretariat, to determine whether further adjustments are needed.

### **The codification of membership criteria – a comprehensive framework**

15. As stated in the OECD 50<sup>th</sup> Anniversary Vision Statement, "*OECD Members form a community of nations committed to the values of democracy based on the rule of law and human rights, and adherence to open and transparent market-economy principles.*"

16. In addition to the fundamental values embedded in the OECD's 50<sup>th</sup> Anniversary Vision Statement, the Organisation's mission, which evolves over time, is to promote inclusive and sustainable economic growth and to raise employment and living standards.

17. As indicated above, the OECD does not aim to become a universal organisation in terms of its size but rather to ensure that the OECD's standards and policies are applied and implemented on a global scale. The continued success of the Organisation requires a strategic approach to Membership and engagement that enhances geographic representation and preserves and promotes the OECD's standards and policies.

18. Previous Resolutions on enlargement have recognised the need for the OECD to remain open in order to further expand its global reach, policy impact and relevance, and the Vision Statement affirms the goal "[...] *to make the OECD a more effective and inclusive global policy network [...]*", as well as the will to "*strengthen co-operation where there is mutual benefit with countries seeking closer ties, including possible membership.*" The OECD is committed to openness and inclusiveness.

19. The Council can decide whether or not to open accession discussions with a prospective Member in reply to its explicit request or on its own initiative. The decision to open accession discussions is the sole prerogative of the Council and it is ultimately taken on the basis of Members' judgement, supported by objective information provided by the Secretary-General.

20. Among other sources of information, Council decided in 2006 to “*use the criteria outlined in the ‘Noboru Report’ (i.e. like-mindedness, significant player, mutual benefit and global considerations) to assess and position accession candidates*”. The Noboru Report and the legal and policy framework set up in 2007 and reaffirmed in 2013 are still valid. As there is no hierarchy amongst the four ‘Noboru criteria’, they are to be applied simultaneously.

21. OECD Members have developed an evidence-based Framework (Annex I) aimed at providing an objective benchmark for assessing each prospective Member on its respective merits and on a case by case basis. This Framework will provide Members with consistent information on which to base their decision, *inter alia*, on whether or not to open accession discussions with a prospective Member. As the Framework is to be made public on the OECD website, it will also help prospective Members to assess their position before signalling their interest in becoming a Member of the OECD.

22. In order to assist the Council in its decision on whether or not to open accession discussions with a prospective Member, the Secretary-General will provide information on each possible prospective Member using the Framework which, in addition to information on economic indicators and relations with the OECD, provides evidence on the following elements:

1. The situation of the prospective Member with regard to each of the ‘State of Readiness’ characteristics outlined in Section 1 of the Framework. As the characteristics do not encompass all OECD instruments and standards, they are meant to provide information and, on balance, indication on a prospective Member’s state of readiness to enter into accession discussions.

A prospective Member’s commitment towards an OECD instrument is demonstrated by adherence to the instrument, progress towards adherence to such instruments (outlined in the Appendix to the Framework), or by how its policies, laws, regulations and practices are aligned with the measures and practices required by the OECD instrument.

2. The prospective Member’s position with respect to the Organisation’s fundamental values as expressed in the Vision Statement. This information provided by the Secretariat would help Members determine the degree of, *inter-alia*, “like-mindedness” of the prospective Member.
3. Information on the prospective Member’s political commitment to the OECD’s Membership Obligations through:
  - The level, nature and breadth of the political commitment to the membership obligations as expressed and evidenced by the highest levels of the prospective Member’s government.
  - The commitment to use the accession process to drive the overall domestic reform agenda.

23. It is acknowledged that the formal accession process itself, with the full participation of the relevant committees, represents a powerful transformative instrument to secure a country’s convergence with the values, standards and membership obligations of the Organisation.

### **Making decisions on membership: Process and role of the Council**

24. Decisions on membership are the prerogative of the Council which ultimately controls all aspects of the accession process, structured around three decision points: at the outset, the Council decides whether to invite a prospective Member into accession discussions. If this decision is positive, the Council then

proceeds to adopt an Accession Roadmap, prepared by the Secretary-General. Once the accession process has been completed, the Council invites the respective country to become a Member, which may include a decision on post-accession requirements and reporting. The Council can also decide to suspend accession discussions at any point throughout this process.

25. In order to assist the Council in its decision on whether to open accession discussions with a prospective Member, the Framework described above (see also Annex I) is to be applied according to the following process (see also Annex II):

1. Considerations to open an accession process can be made on the initiative of the Council or upon receipt of a written request by a prospective Member. Upon receipt of a formal request, the Secretary-General shares the request with the Council.
2. Using the Framework, the Secretary-General will provide Council with comprehensive information on a prospective Member covering the elements listed in Annex I.
3. Based *inter alia* on this comprehensive information provided by the Secretary-General, and on Council's judgement, the Council may decide whether or not to open accession discussions, or to engage with the prospective Member through other means, using one or more of the available OECD global relations tools.
4. The Secretary-General will communicate the Council's decision to the prospective Member.
5. Should Council agree to open accession discussions with a prospective Member, the Secretary-General will proceed to prepare the Accession Roadmap for adoption by the Council.

This Framework and process do not affect the prerogatives of the Council and the Secretary-General as set out in the Convention on the OECD.

### **Membership and Key Partners**

26. As previously mentioned, the 2007 Ministerial Resolution "*invite[d] the Secretary-General to strengthen OECD co-operation with Brazil, China, India, Indonesia and South Africa through enhanced engagement programs with a view to possible membership.*"

27. Upon receipt of a request for membership from a Key Partner the Secretary-General, using the Framework, will prepare a proposal for consideration by Council, to invite the Key Partner to enter into accession discussions and to develop an Accession Roadmap. As recognised in the 2007 Ministerial Resolution: "*The Council will determine whether to open discussions on membership in light of the willingness, preparedness and ability of these countries to adopt OECD practices, policies and standards.*"

### **Sequence and pace of accession**

28. The sequence and pace of invitations to prospective Members to enter into accession discussions is determined by Council in an orderly fashion, based on an individual, case-by-case examination based *inter alia* on the Framework.

## ANNEX I

### FRAMEWORK FOR THE CONSIDERATION OF PROSPECTIVE MEMBERS

#### 1. State of Readiness

##### Economic and Public Governance

Characteristic	As Evidenced By
Rules-based open market economy	<ul style="list-style-type: none"> <li>- Evidence of progress towards adherence<sup>1</sup> to the Declaration on International Investment and Multinational Enterprises</li> <li>- Completed Investment Policy Review which demonstrates progress regarding the Policy Framework for Investment</li> <li>- Evidence of progress towards accession to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions</li> <li>- Adherence to the OECD Corporate Governance Principles<sup>2</sup></li> </ul>
Tax transparency and international cooperation	<ul style="list-style-type: none"> <li>- Membership of the Global Forum on Exchange of Information and Transparency for Tax Purposes</li> <li>- Membership of the Inclusive Framework on BEPS</li> </ul>
Stable and transparent financial system	<ul style="list-style-type: none"> <li>- Evidence of progress towards adherence to the Code of Liberalisation of Capital Movements and to the Code of Liberalisation of Current Invisible Operations</li> </ul>
Access to information	<ul style="list-style-type: none"> <li>- Adherence to the Recommendation on Good Statistical Practice</li> <li>- Adherence to the Recommendation on Principles for Internet Policy Making</li> </ul>

##### Ability, Capacity and Engagement

Characteristic	As Evidenced By
Ability to sustain the accession process and membership obligations	<ul style="list-style-type: none"> <li>- Agreement to provide adequate resources and coordination for the accession process</li> </ul>
Active participation and engagement in OECD substantive committees	<ul style="list-style-type: none"> <li>- Participant or Associate/Member status in OECD committees (with particular focus on committees whose instruments support the evidence of the state of readiness): including the track record and level of participation</li> </ul>

<sup>1</sup> "Evidence of progress towards adherence" to the Declaration on International Investment and Multinational Enterprises, to the Code of Liberalisation of Capital Movements, and to the Code of Liberalisation of Current Invisible Operations and evidence of progress towards accession to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, will be evaluated on the basis of the steps to adhere to each of the instruments [see Appendix to this Framework].

<sup>2</sup> All G20 and FSB Members have endorsed the G20/OECD Corporate Governance Principles which is equivalent to Adherence.



Comparability of data and evidence-based analysis and policy development	<ul style="list-style-type: none"> <li>- Completion of at least one peer review<sup>3</sup></li> <li>- Provision of the necessary country data required by at least one OECD flagship publication<sup>4</sup></li> </ul>
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## Reach and Impact

Characteristic	As Evidenced By
Regional or global role in the world economy	<ul style="list-style-type: none"> <li>- Constructive membership in other international and regional organisations/institutions, consistent with the aims and undertakings of the OECD</li> <li>- Recognised ability to contribute to and support the Organisation's involvement in Global or Regional Governance<sup>5</sup></li> </ul>

## 2. Country's commitment to OECD Values and Membership Obligations

- Country overview and introduction
- Reference to OECD fundamental values, as stated in the OECD 50th Anniversary Vision Statement: *"OECD Members form a community of nations committed to the values of democracy based on the rule of law and human rights, and adherence to open and transparent market-economy principles."* using, for each country, the same indicators on economic openness and governance<sup>6</sup>
- Like-Mindedness, Significant Player, Mutual Benefit and Global Considerations – with reference to the OECD Vision Statement and mission, which evolves over time
- Level, nature and breadth of the political commitment to the Membership Obligations
- The commitment to use the accession process to drive overall domestic reform

<sup>3</sup> Preferably from among the following: a Public Governance Review, Regulatory Policy Review, Economic Survey, and Corporate Governance Review.

<sup>4</sup> Such as, for example and among others, 'Going for Growth', 'Education at a glance' or 'Government at a glance'.

<sup>5</sup> Such as the G20, EU, APEC, ASEAN, Pacific Alliance etc.

<sup>6</sup> Such as the OECD FDI Restrictiveness Index, the Rule of Law Indicators of the World Justice Project, the Human Development Index of UNDP, the United Nations Human Rights Dashboard and the Corruption Perceptions Index of Transparency International, indicating progress over time and the position with respect to the OECD average or range, when available and appropriate.

### 3. Institutional Framework – Key Features

Government Type	
Administrative Divisions	
Legal System	
Executive Branch	
Legislative Branch	
Judicial Branch	
Central Bank	
Competition Authority	

### 4. Key Economic Indicators

Key annual economic Indicators	Unit	2015	% change from 2010	2015 – Member (Average)	OECD Range
Population, total <sup>1</sup>	mln				
Area <sup>1</sup>	1 000 km <sup>2</sup>				
GDP, PPP (constant 2011 US\$) <sup>2</sup>	bln				
GDP, PPP per capita (constant 2011 US\$) <sup>2</sup>					
Agriculture, value added (% of GDP) <sup>2</sup>	%				
Manufacturing, value added (% of GDP) <sup>2</sup>	%				
Services, etc., value added (% of GDP) <sup>2</sup>	%				
General government final consumption expenditure (% of GDP) <sup>2</sup>	%				
Exports of goods and services (constant 2010 US\$) <sup>2</sup>	bln				
Exports of goods and services (% of GDP) <sup>2</sup>	%				
Imports of goods and services (constant 2010 US\$) <sup>2</sup>	bln				
Imports of goods and services (% of GDP) <sup>2</sup>	%				
Current account balance (% of GDP) <sup>2</sup>	%				
External debt stocks (% of GNI) <sup>2</sup>	%				
Inflation, consumer prices (annual %) <sup>2</sup>	%				
Labour force, total <sup>2</sup>	mln				
Unemployment, total (% of total labour force, modelled ILO estimate) <sup>2</sup>	%				
Official Development Assistance (in accordance with DAC definition) <sup>3</sup>	bln				

➡ *Inward FDI stocks*<sup>3</sup>

↕	Nominal (US\$, end-2015)	bln			
↕	In % of GDP	%			

➡ *Outward FDI stocks*<sup>3</sup>

↕	Nominal (US\$, end-2015)	bln			
↕	In % of GDP	%			

1. UN data; 2. World Bank data; 3. OECD data.

## 5. Relations with the OECD

- Participation in OECD bodies
- Adherence to legal instruments
- Participation in Global Relations Tools (Country Programme, Regional Programme etc.)

## Appendix to the Framework

### Requirements for Adherence to Selected OECD Legal Instruments and Standards

Table 1 sets out the requirements, both on substance and on process, to complete the process for adherence to each of the OECD legal instruments listed in the Framework. Depending on the respective legal instrument, a prospective Member will be evaluated either in view of adherence (Corporate Governance Principles, Recommendation on Good Statistical Practice, Recommendation on Principles for Internet Policy Making) or its progress towards adherence (Declaration on International Investment and Multinational Enterprises, Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, Code of Liberalisation of Capital Movements, Code of Liberalisation of Current Invisible Operations) according to the steps outlined.

Table 2 sets out the requirements to join the Inclusive Framework on BEPS Implementation (involving a commitment to the BEPS Package) and to join the Global Forum on Transparency and Exchange of Information for Tax Purposes (involving a commitment to the standard on transparency and exchange of information).

**Table 1**

Legal Instrument	Adherence
<b>Declaration on International Investment and Multinational Enterprises and related instruments</b>	<p><b><u>Substance</u></b></p> <p>Adherence to the Declaration also requires adherence to 13 other OECD Acts listed below including <b>4 legally binding Decisions</b> and 9 Recommendations. This includes:</p> <ul style="list-style-type: none"> <li>- A legally binding obligation to provide a list of measures which constitute exceptions to the granting of “national treatment” i.e. the granting to investors from OECD Members and non-Member adherents to the Declaration of the same treatment offered to nationals of the country as well as a listing of measures for transparency purposes</li> <li>- A legally binding obligation to establish a functional National Contact Point under the Guidelines for Multinational Enterprises</li> <li>- A full Investment Policy Review, similar to that conducted under the Policy Framework for Investment, examining the full range of investment policy and implementation issues</li> </ul> <ol style="list-style-type: none"> <li>1. Decision of the Council on International Investment Incentives and Disincentives [C(84)92];</li> <li>2. Recommendation of the Council on Member Country Measures Concerning National Treatment of Foreign</li> </ol>

Legal Instrument	Adherence
	<p>Controlled Enterprises in OECD Member Countries and Based on Considerations of Public Order and Essential Security Interest [C(86)55(FINAL)];</p> <ol style="list-style-type: none"> <li>3. Recommendation of the Council concerning Member Country Exceptions to National Treatment and National Treatment related Measures concerning Investment by Established Foreign-Controlled Enterprises [C(87)76(FINAL)];</li> <li>4. Recommendation of the Council on Member Country Exceptions to National Treatment and National Treatment related Measures concerning the Services Sector [C(88)41(FINAL)];</li> <li>5. Recommendation of the Council on Member Country Exceptions to National Treatment and National Treatment related Measures in the Category of Official Aids and Subsidies [C(88)131(FINAL)];</li> <li>6. Recommendation of the Council on Member Country Exceptions to National Treatment and Related Measures concerning Access to Local Bank Credit and the Capital Market [C(89)76(FINAL)];</li> <li>7. Decision of the Council on Conflicting Requirements being imposed on Multinational Enterprises [C(91)73];</li> <li>8. Decision of the Council on the Third Revised Decision of the Council concerning National Treatment [C(91)47/FINAL as amended]; and</li> <li>9. Decision of the Council on the OECD Guidelines for Multinational Enterprises [C(2000)96/FINAL as amended];</li> <li>10. Recommendation of the Council on Guidelines for Recipient Country Investment Policies relating to National Security [C(2009)63];</li> <li>11. Recommendation of the Council on the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas [C/MIN(2011)12/FINAL as amended];</li> <li>12. Recommendation of the Council on the OECD-FAO Guidance For Responsible Agricultural Supply Chains [C(2016)83];</li> <li>13. Recommendation of the Council on the Due Diligence Guidance For Meaningful Stakeholder Engagement in the Extractive Sector [C(2016)100].</li> </ol> <p><b><u>Process</u></b></p> <ol style="list-style-type: none"> <li>1. Request addressed to the Secretary-General for adherence to the Declaration and related Acts and for Associate status in the Investment Committee meeting in enlarged session for work related to the Declaration (IC[D]).</li> <li>2. Notification by the Secretariat to the External Relations Committee (ERC) of the request to become an Associate in the IC[D].</li> <li>3. Preliminary assessment of the request by the IC[D] and decision to start a review of the applicant's investment policies in relation to the Declaration (funded by the applicant or a third party).</li> <li>4. Review by the Working Party on Responsible Business Conduct (WPRBC) of elements relating to the Guidelines for Multinational Enterprises and transmission of its opinion to the IC[D] for inclusion in its review.</li> </ol>

Legal Instrument	Adherence
	<p>5. Based on this review, the IC[D] then decides whether to recommend to the Council that the applicant (a) adheres to the Declaration and related Acts with the same rights and responsibilities as OECD Members and non-Member Adherents and (b) participate in the IC[D] as an Associate.</p> <p>6. Transmission by the Secretariat of the IC[D] recommendation to the Council through the ERC.</p> <p>7. Following Council's approval, exchange of letters between the Organisation and the applicant to formalise the adherence.</p>
<p><b>Convention on Combating Bribery of Foreign Public Officials in International Business Transactions</b></p>	<p><b><u>Substance</u></b></p> <p>The Anti-Bribery Convention is a <b>legally binding</b> treaty under international law. Becoming a Party to the Anti-Bribery Convention requires the Working Group on Bribery (WGB) to accept the country as a member of the WGB (the precondition for acceding to the Convention). The WGB often requires the country to amend its legislative framework before it can become a Party to the Convention in order to establish a criminal offence of foreign bribery, to introduce liability of legal persons for foreign bribery or to explicitly disallow the tax deductibility of bribes to foreign public officials. Even if a country meets the criteria related to its legal framework, the WGB may still refuse the request for accession to the Anti-Bribery Convention on the basis that it would not be of "mutual interest" for the existing members of the WGB.</p> <p><b><u>Process</u></b></p> <p><b>I. Preliminary Assessment:</b> in accordance with the process and the following subset of criteria (see WGB Global Relations Strategy 2017-2018 ([DAF/WGB(2016)34/FINAL], Annex I, paragraphs 12-14):</p> <ul style="list-style-type: none"> <li>(1) Whether accession would be of "mutual interest" to the candidate and the WGB; and</li> <li>(2) Criteria relating to the legal framework to combat foreign bribery including: <ul style="list-style-type: none"> <li>(a) having a criminal foreign bribery offense;</li> <li>(b) a framework imposing criminal, civil, and/or administrative liability against legal persons for foreign bribery; and</li> <li>(c) the explicit disallowance of the tax deductibility of bribes to foreign public officials.</li> </ul> </li> </ul> <p>Only candidates that meet this subset of criteria proceed to undergo the full assessment.</p> <p><b>II. Full Assessment:</b> in accordance with the process and criteria described in [DAF/WGB(2016)34/FINAL], Annex I Section B. and paras 15-17. These criteria fall into three categories:</p>

Legal Instrument	Adherence
	<p>(1) economic factors relevant for assessing “mutual interest”, namely:</p> <ul style="list-style-type: none"> <li>(a) The size of the accession candidate’s economy as measured by its gross domestic product (GDP);</li> <li>(b) The volume of the accession candidate’s trade, including imports and exports, and in goods and services, subject to the availability of data;</li> <li>(c) The accession candidate’s stock of outward foreign direct investment (FDI);</li> <li>(d) The accession candidate’s level of trade with and FDI stocks in countries with perceived high levels of corruption; and</li> <li>(e) The proportion of companies in the accession candidate that operate in sectors shown to be a serious foreign bribery risk, e.g. extractive industries, defence, and infrastructure.</li> </ul> <p>(2) factors relating to the legal and enforcement framework to fight foreign bribery, namely:</p> <ul style="list-style-type: none"> <li>(a) Foreign bribery offence</li> <li>(b) Liability of legal persons for foreign bribery:</li> <li>(c) Sanctions for foreign bribery:</li> <li>(d) Enforcement capacity</li> <li>(e) International co-operation</li> <li>(f) Explicit non-tax deductibility of bribes</li> </ul> <p>(3) factors relating to the willingness and ability to participate in the WGB’s work programme, including:</p> <ul style="list-style-type: none"> <li>(a) Co-operation in the WGB accession review process and other review mechanisms</li> <li>(b) Participation in the WGB as Invitees or Participants</li> <li>(c) Procedure and time, including possible limits, for accession.</li> </ul> <p>The WGB discusses the accession report in a plenary meeting, where:</p> <ul style="list-style-type: none"> <li>(1) The candidate is invited to make a brief presentation and answer questions from the WGB.</li> <li>(2) During a subsequent session open only to WGB members, the WGB assesses the candidate country against the accession criteria and takes a decision <u>by consensus</u> regarding the accession request.</li> </ul> <p>In the event that the WGB accepts the accession request, a recommendation is made to the Council, via the External Relations Committee (or the Executive Committee if the request concerns an OECD accession candidate), to approve the inclusion in its Participation Plan of the candidate as an Associate in the WGB in line with the Revised Resolution of the Council on Partnerships in OECD Bodies.</p> <p><b>III. Exchange of letters:</b> Once the Council agrees to invite the candidate to become an Associate (member), the membership of the Working Group takes effect through an agreement concluded by means of an exchange of letters between the OECD and the candidate. The Secretary-General invites the candidate to become a Member of the WGB</p>

Legal Instrument	Adherence
	<p>with the same rights and responsibilities as OECD Members under the understanding that (1) the candidate will accede to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions as soon as possible; (2) will participate actively in all of the activities of the Working Group; and (3) will contribute financially to the Working Group in accordance with the Revised Resolution of the Council on Partnerships in OECD Bodies [C(2012)100/REV1/FINAL, Annex, paragraph 7e)]; and (4) will adhere to the listed OECD legal instruments(Please see Model Letter in Annex).</p> <p>The date of the candidate's affirmative reply to the invitation letter is the date that the agreement enters into force and membership in the WGB takes effect.</p> <p><b>IV. Accession to the Convention:</b> In accordance with the exchange of letters, the candidate undertakes the obligation to complete its domestic requirements and deposit its instrument of accession to the Convention as soon as possible.</p> <p>For each signatory, the Convention enters into force on the sixtieth day following the date of deposit of its instrument of accession (Article 13 of the Anti-bribery Convention) with the OECD Secretary-General who serves as Depositary to the Convention.</p>
<p><b>Codes of Liberalisation of Capital Movements and Current Invisible Operations</b></p>	<p><b><u>Substance</u></b></p> <p>The Codes are a set of <b>legally binding</b> rights and obligations to open up a country's markets to investors from OECD Member countries and non-Members which adhere to the Codes. They concern both minimising restrictions to the movements of capital as well as the liberalisation of cross-border trade in services. The process of adherence to the Codes typically requires changes to a country's legislation in order to open up markets to investors from OECD Members and non-Member Adherents to the Codes. These legislative changes can concern politically sensitive sectors such as acquisition of land or opening up the telecommunications sector.</p> <p><b><u>Process</u></b></p> <ol style="list-style-type: none"> <li>1. Letter of application from non-Member country to Secretary-General.</li> <li>2. Letter to be transmitted to External Relations Committee (ERC) under written procedure with a two-week period for delegates to express objections.</li> <li>3. Letter transmitted to the Enlarged Investment Committee (EIC) for preliminary opinion at a regular meeting (March or October).</li> <li>4. Transmittal by the Secretariat of the EIC's preliminary opinion to Council through the ERC.</li> <li>5. Council extends an invitation to the country, which is conditional upon a full examination by the EIC of the applicant's proposed position under the Codes.</li> <li>6. Preparation of the Examination Report by the Secretariat in consultation with the candidate country, with proposed lists of reservations and justification of measures maintained.</li> </ol>



Legal Instrument	Adherence
	<p>7. Examination meeting by the EIC (March or October), supported by prior advice on financial matters from the Advisory Task Force on the Codes.</p> <p>8. Transmission by the Secretariat of EIC's recommendation through ERC to Council.</p> <p>9. Final Invitation by Council to adhere, including the agreed list of the adhering country's reservations and an explanation of the conditions of its future participation in work relating to the Codes.</p> <p>10. Exchange of letters between the Organisation and the adhering country.</p>
<p><b>Recommendation on Principles of Corporate Governance</b></p>	<p><b><u>Substance</u></b>  This <b>non-legally binding</b> Recommendation asks Adherents to take due account and make use of the G20/OECD Corporate Governance Principles which constitute the globally recognised benchmark for assessing and improving corporate governance. The Principles have been adopted by the Financial Stability Board as one of the Financial Stability Board's key standards for sound financial systems, and have been used by the World Bank Group in more than 60 country reviews worldwide. They also serve as the basis for the guidelines on corporate governance of banks issued by the Basel Committee on Banking Supervision.  <u>All G20 Members have already endorsed the G20/OECD Principles of Corporate Governance both through the G20 process and through their membership of the Financial Stability Board.</u></p> <p><b><u>Process</u></b>  The Recommendation invites non-Members to take account of and adhere to it. Adherence involves:  1. Letter of request from non-Member addressed to the Secretary-General clearly expressing its will to adhere to the Recommendation.  2. CGC (the committee responsible for the Recommendation) is informed of the request (either at a meeting or in writing)  3. The request is then transmitted by the Secretariat to the External Relations Committee (ERC) for a no-objection written procedure (usually 15 days).  4. If there is no objection from ERC, a letter confirming adherence is sent by the Secretary-General to the requesting non-Member.</p>
<p><b>Recommendation on Principles for Internet Policy Making</b></p>	<p><b><u>Substance</u></b>  The objective of this <b>non-legally binding</b> Recommendation is to preserve or enhance the strength and dynamic of the Internet and to allow people to use the Internet to give voice to their democratic aspirations. The Recommendation calls upon Adherents to develop Internet policies through a multi-stakeholder approach that takes into account 13 principles, from promoting and protecting the global free flow of information; to promoting the open, distributed and interconnected nature of the Internet; to encouraging multi-stakeholder co-operation in policy development processes; to limiting Internet intermediary liability.</p>

Legal Instrument	Adherence
	<p><b><u>Process</u></b>  The Recommendation invites non-Members to take account of and adhere to it. There is no substantive review process for adhering to the Recommendation. Adherence involves:</p> <ol style="list-style-type: none"> <li>1. Letter of request from non-Member addressed to the Secretary-General clearly expressing its will to adhere to the Recommendation.</li> <li>2. CDEP (the committee responsible for the Recommendation) is informed of the request (either at a meeting or in writing)</li> <li>3. The request is then transmitted by the Secretariat to the External Relations Committee (ERC) for a no-objection written procedure (usually 15 days).</li> <li>4. If there is no objection from ERC, a letter confirming adherence is sent by the Secretary-General to the requesting non-Member.</li> </ol>
<p><b>Recommendation on Good Statistical Practice</b></p>	<p><b><u>Substance</u></b>  The objective of this <b>non-legally binding</b> Recommendation is to help national statistical systems to benchmark their statistical systems to good OECD statistical practice. The Recommendation calls on Adherents to ensure the institutional, legal and resources requirements that enable statistical systems to function, and provides, to that effect, methods, quality checks and processes of statistical production. It recommends that Adherents ensure data access and dissemination and establish responsibilities for co-ordination and co-operation of statistical activities. Finally, it encourages Adherents to look ahead and embrace statistical innovation.</p> <p><b><u>Process</u></b>  The Recommendation invites non-Members to take account of and adhere to it. Adherence involves:</p> <ol style="list-style-type: none"> <li>1. Letter of request from non-Member addressed to the Secretary-General clearly expressing its will to adhere to the Recommendation.</li> <li>2. CSSP (the committee responsible for the Recommendation) is informed of the request (either at a meeting or in writing).</li> <li>3. The request is then transmitted by the Secretariat to the External Relations Committee (ERC) for a no-objection written procedure (usually 15 days).</li> <li>4. If there is no objection from ERC, a letter confirming adherence is sent by the Secretary-General to the requesting non-Member.</li> </ol> <p>In the specific case of Argentina, it was agreed that there would be a preliminary assessment of Argentina's statistical system before adherence to the Recommendation.</p>

Table 2

Standard & Forum	Process for Joining
<b>Inclusive Framework on BEPS Implementation</b>	<p><b><u>Substance</u></b> Members of the Inclusive Framework (Associates in the BEPS Project of the Committee on Fiscal Affairs) shall commit to the comprehensive BEPS Package and to its consistent implementation and contribute to the expenses related to the carrying out of the BEPS Project by means of an annual fee.</p> <p><b><u>Process</u></b> A request letter should be sent to the Secretariat. Invitations to become Members of the Inclusive Framework (Associate in the BEPS Project) are approved by Council and formalised by means of an exchange of letters setting out the terms and conditions.</p>
<b>Global Forum on Transparency and Exchange of Information for Tax Purposes</b>	<p><b><u>Substance</u></b> Membership of the Global Forum is open to jurisdictions willing to: (i) commit to implement the international standard on transparency and exchange of information on request, (ii) participate and contribute to the peer review process, and (iii) contribute to the budget.</p> <p><b><u>Process</u></b> A letter requesting membership should be sent to the Global Forum Secretariat. The decision to invite jurisdictions to participate in the GFTEI is made by the Plenary of the Global Forum by consensus.</p>

## ANNEX II

### PROCESS FOR THE APPLICATION OF THE FRAMEWORK

1. Considerations to open an accession process can be made on the initiative of the Council or upon receipt of a written request by a prospective Member. Upon receipt of a formal request, the Secretary-General shares the request with the Council.
2. Using the Framework, the Secretary-General will provide Council with comprehensive information on a prospective Member covering the elements listed in Annex I.
3. Based *inter-alia* on this comprehensive information provided by the Secretary-General, and on Council's judgement, the Council may decide whether or not to open accession discussions, or to engage with the prospective Member through other means, using one or more of the available OECD global relations tools.
4. The Secretary-General will communicate the Council's decision to the prospective Member.
5. Should Council agree to open accession discussions with a prospective Member, the Secretary-General will proceed to prepare the Accession Roadmap for adoption by the Council.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

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