



## **7th NAEC Group Meeting**

# **“New Year, New Challenges, New Approaches”**

**Remarks by Angel Gurría  
Secretary General**

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Ladies and Gentlemen,

It is a real pleasure to join you today for the 7<sup>th</sup> Meeting of the NAEC Group. This Group has become a key forum for discussing emerging challenges and promoting novel ways of addressing them. It offers opportunities for cross-committee, inter-disciplinary and horizontal discussion. These opportunities are rare, but indispensable. The purpose of these discussions is to think about policy linkages, trade-offs and complementarities, but also to do some soul-searching, learn from the past, and update our analytical frameworks in order to address the present and, above all, the future.

### **Celebrating a New Year**

2015 was a landmark year for international co-operation. The international community reached agreement on a set of universal Sustainable Development Goals (SDGs) that will have a transforming effect. We need to place our statistical, monitoring and sector analytic capacities at the service of the international community, to ensure successful implementation of the objectives that we set for ourselves in New York.

The Paris Agreement at COP21 marks a decisive turning point in our response to climate change. This is an historic commitment. OECD can provide data and analysis to support transparency and accountability in its implementation. We stand ready to support all countries in this process. The OECD will continue to work with governments to help remove the barriers to climate action that are built into existing policies from the fossil fuel age in everything from investment, taxation, electricity land use and transport.

The WTO's decision at Nairobi presents new opportunities for the multilateral trade governance. It will help keep trade in step with the digital economy, rationalize the treatment of agriculture, and bring developing partners more fully into the global trading system. Here again OECD will support this effort with sound analysis to underpin the further opening of markets, and inclusive growth through trade.

In the midst of these hopeful developments, however, the world economy shows little sign of making a full recovery from the crisis. Our countries are once again going through a phase of great uncertainty, with growth rates hardly budging at all in the euro zone, a significant slowing in the emerging economies and Japan, and renewed bouts of financial market volatility. In fact the New Year turbulence in the global financial markets - provided a stark reminder of the fragility of the world economy. In China trading was automatically suspended at least twice after the release of dismal data on manufacturing and other gloomy economic news – the effects of which rippled throughout the OECD.

In addition geopolitical uncertainty is rising – witness the refugee crisis in Europe, the old and new points of conflict in the Middle East and the terrorist threat that manifested itself so recently in Paris – we find ourselves submerged in a state of generalised turbulence. This makes it very hard for our economies, our governments and our societies to cope with the legacy bequeathed to us by the crisis.

So we have a lot to do. With the beginning of this New Year, we need to capitalise on this new international resolve and make a renewed effort to promote new policy thinking and new approaches. Only with them will we be able to face the great economic challenges ahead of us.

### **Responding to New Challenges**

All these challenges call for a continuous review of models and concepts, seeking new solutions that will not only be feasible and realistic but will also take account of the complex and multidimensional nature of public policies.

We must also be more receptive to emerging technologies – big data, robotics and 3-D printing – and assess how digitalisation is transforming economies, rich and poor, within a world economy that is increasingly integrated through global value chains. Do we understand all the implications that the dizzying pace of technological change holds for our societies? There are fears for the future of productivity, work and well-being. Our Policy Dialogue on the Future of Work this week will examine the employment issue.

These technological developments have far-reaching consequences. The nature of economies has fundamentally shifted with digitalisation rendering traditional measures, models and approaches obsolete. Concepts such as GDP and productivity are increasingly questioned.

The challenge is to develop a better sense of how economies really work; and to articulate policies which reflect this understanding. A fundamental reflection is required on the changing nature of the economy which conventional analyses struggle to explain.

Enquiring further into the economic, social and environmental consequences of digitalisation would mark an essential continuation of the NAEC process. It would preserve the NAEC State of Mind - asking hard questions and challenging our assumptions and our understanding about the workings of the economy.

### **Mainstreaming New Approaches**

With the NAEC process, we have made some progress and we are gradually transforming our way of thinking and acting with respect to the economy, the environment and society. We have devoted three years to an in-depth re-examination of our analytical methods, our data, and the policy advice that we offer. At the last Ministerial Council Meeting, Ministers endorsed the final NAEC Synthesis Report and called for the findings of the report to be mainstreamed in the work of the Organisation.

The update on mainstreaming which will be presented this afternoon indicates that NAEC is having an impact on OECD analytical work, data collection and publications. NAEC has strengthened integrated analysis and led to the adoption of new policy tools and approaches. We are doing better at using smart data and behavioural insights. We are also progressing in our understanding of complexity and systems thinking. Efforts to strengthen these areas are ongoing.

One of the main outcomes of the NAEC initiative, capitalising on OECD work on social issues and quality of life, has been to place inclusive growth at the heart of our analysis. Well-being, inclusiveness and sustainability are influencing economic surveys and core publications. But of course, here again, much remains to be done.

To advance the agenda, we have promoted the concept of inclusive productivity. Slowing productivity, together with rising inequality, remain one of the most pressing and important issues facing our societies. But we must understand that higher productivity is only a necessary, and not a sufficient, condition for raising living standards. That productivity must be inclusive. This new approach to productivity, as with all new approaches, is not easy to design. We are deliberately challenging entrenched thinking, experimenting with new ideas. And we won't always get it right first time around. But the NAEC Group is here to help point us in the right direction.

Developing our Strategic Foresight capabilities, we are also discussing future scenarios to identify potential challenges and determine whether we have the capacity to address them. We are taking a hard look at our ageing societies as ageing will affect public finances, pensions, health and long-term care systems as well as economic development. It will put the solidarity between generations to a test. We will provide you with an update on our project on *How to Prevent Ageing Unequally* later this morning.

Dear friends,

We need to find new ways of addressing our current challenges and to seize the opportunities that the future offers us. 2015 was a crucial year for moving forward the development, environment and trade agendas. With the ideas and the tools emerging from the NAEC initiative, we hope to continue our progress in 2016 on the design, development and implementation of better policies for better lives.

Thank you.