



## OECD Position Paper

Teoman Kerki



### I/ Background information on OECD

The Organisation for Economic Co-operation and Development (OECD) is an international organization formed in 1961. The main goal of the OECD is to create policies that are creating prosperity, equality, opportunity, and well-being for all citizens. OECD has 36 members from North America to Europe to South America to the Pacific. It also gives aid to the Member States who are not members of the OECD. OECD was originally called OECC (Organisation for European Economic Cooperation), after the second world war to run the Marshall Plan and reconstruct Europe. OECC had the main goal of boosting the economies of European countries and making sure that European countries recognized their economic interdependence. Because of this, it is considered to be the root of the European Union. Every year the OECD publishes the Economic Outlook that analyzes the economic prospect of both OECD member countries and non-member countries. This report also recommends economic policies to all the member and non-member countries. The OECD tries to make sure that there is no global trade war. The OECD also releases other reports such as the OECD Factbook. In the OECD Factbook, there is the economic, social and environmental analysis of the OECD member and applicant countries. There are statistics of the OECD applicant and member countries for 10 specific areas. These areas include Population and migration patterns, pricing, labor, energy and transportation, science, technology, the environment, education, health, and public finance.

### II/ Past Achievements and Attempts of the OECD on the Issues

#### A. The Question of the Caucasus:

- The OECD has no members from the Caucasus, north or south. However, they have reported about the Russian Federation, Georgia, Armenia, and Azerbaijan. The OECD does not have separate reports for South Ossetia, Abkhazia, Nagorno-Karabakh or the Caucasus Emirates as it does not recognize those entities as the Member States. The OECD has recognized the negative effect of the conflicts in South Ossetia and Abkhazia on the economy and the development of Georgia in their report titled "Fighting Corruption in Transition Economies: Georgia 2005". In the report, this negative effect is connected to organized crime and smuggling related to South Ossetia and Abkhazia regions. Also in their book titled "Development in Eastern Europe and the South Caucasus Armenia, Azerbaijan, Georgia, Republic of Moldova and Ukraine" OECD claims that the situation about extreme poverty and hunger is "worrying" in South Ossetia and Abkhazia regions and that "there are



high-security risks” for tourists in those regions. In the same book the OECD recognized that alongside the major factor of the collapse of the USSR, the Nagorno-Karabakh conflict is a big factor in Azerbaijan’s poverty rates in refugees and IDPs (internally displaced people).

## **B. The Question of the Caspian Sea and Surrounding Territories:**

- The OECD has released a detailed report about the Caspian Sea and the surrounding territories named “Energy Policies Beyond IEA Countries: Caspian and Black Sea Regions 2015”. In that report, the OECD has written how much the states of Azerbaijan, Turkmenistan, and Kazakhstan use the Caspian Sea and its natural resources. The report also states how Turkmenistan, Georgia, Armenia, Azerbaijan, and Kazakhstan benefit from the Caspian Sea. The OECD also recognized the efforts done by Turkmenistan to raise awareness about gas flaring in the Caspian Sea in the same document.

## **C. The Question of the shift of trade routes in Eurasia:**

- The OECD has released a detailed report on The Belt and Road Initiative (BRI) named “China's Belt and Road Initiative in the Global Trade, Investment and Finance Landscape”. In that report, the OECD goes over the BRI initiative explaining and analyzing such things as its funding and its place in the international trade scene. Also in that report, the OECD mentions that the OECD could help BRI-participating economies as most of them are either under The Central Asia Competitiveness Initiative or The OECD South-East Asia Regional program. Also, China and the OECD’s Development Assistance Committee has created a study group to analyze and aid China’s economic development. However, it should also be noted that the OECD supported international cooperation between Japan and the European Union, and declared that they would help Japanese business by having training sessions in a seminar in June 2019.

## **III/ Objectives, Aims and Possible Solutions Proposed by the OECD on the Issues**

- ### **A. The Question of the Caucasus:**
- The OECD believes that the states of Georgia, Azerbaijan, and Armenia have to resolve the problem of South Ossetia, Abkhazia, and Nagorno-Karabakh with the help of international organizations and international mediation. The OECD recognizes the economical and humanitarian damage that is caused by the conflict in these regions and wants the government to create policies to stop the crisis. The OECD believes that OSCE (Organization for Security and Co-Operation in Europe) could be asked to mediate the conflicts at hand. The OECD also believes that the Russian Federation’s accession to membership status, which was suspended after the Crimea crisis, would start and the accession state would accelerate if the Russian Federation stopped helping the rebels in the South Ossetia and Abkhazia regions. The OECD is also worried about the humanitarian situation in the North Caucasus region and believes that the Russian



Federation should work with Non-Governmental Organizations to send humanitarian help to the regions under the Caucasus Emirate.

- B. The Question of the Caspian Sea and Surrounding Territories:** The OECD believes that for all the nations that have coasted to the Caspian Sea to fully benefit from the Caspian Sea and its natural resources the nations have to come to an international agreement. This agreement can be again mediated by non-governmental organizations or the other Member States. The OECD believes that declaring if the Caspian Sea is a lake or the sea should be a priority as it will decide how the Exclusive Economic Zone and foreign outside interference will work. The OECD also believes that the environmental aspect of the crisis should not be forgotten as the massive amount of oil drillings results in the release of the harmful gasses. The OECD encourages the transformation from fossil fuels to sustainable energy sources. The OECD believes that for the development and sustainability of the region the economic problem about the Caspian Sea should be solved in the most environmentally friendly way.
- C. The Question of the shift of trade routes in Eurasia:** Firstly the OECD believes that the global economic war going on right now is making the global economy “fragile”. Therefore the OECD believes that this issue has to be resolved in the most cautious was possible. The OECD believes funding the nations in the BRI initiative so that they don't have to get debt from China could be a sustainable solution. The OECD would like to make use of The Central Asia Competitiveness Initiative and The OECD South-East Asia Regional program as they already have the same goal. The OECD will also be continuing to give aid and guidance to Japan to boost Japan's export rates as it is one of the lowest compared to the other OECD members. These don't mean that the OECD will be stopping to having conversations with China, as the OECD believes that the BRI could have positive effects on the world economy.



#### IV/ Bibliography

- Amadeo, Kimberly. "How the OECD Can Help You." *The Balance*, The Balance, 8 Apr. 2019, <https://www.thebalance.com/organization-economic-cooperation-development-3305871>.
- "Energy Policies Beyond IEA Countries: Eastern Europe, Caucasus and Central Asia." *Energy Policies Beyond IEA Countries*, Jan. 2015, doi:10.1787/9789264211513-en.
- Kapstein, Ethan B., and Jacob N. Shapiro. "Catching China by the Belt (and Road)." *Foreign Policy*, 20 Apr. 2019, <https://foreignpolicy.com/2019/04/20/catching-china-by-the-belt-and-road-international-development-finance-corp-beijing-united-states/>.
- Nelson, Eshe. "The US-China Trade War Is the Biggest Threat to the 'Fragile' Global Economy, the OECD Says." *Quartz*, Quartz, 24 May 2019, <https://qz.com/1624585/the-us-china-trade-war-threatens-the-global-economy-oecd/>.
- OECD. "Fighting Corruption in Transition Economies: Georgia 2005." *Fighting Corruption in Transition Economies*, 2005, doi:10.1787/9789264010789-en.
- OECD. "Development in Eastern Europe and the South Caucasus." 2011, doi:10.1787/9789264113039-en.
- OECD. "Summary Report Japan-EU-OECD Seminar on Supporting International Collaboration on Responsible Business Conduct / CSR ." 13 June 2019, <https://mneguidelines.oecd.org/Summary-Report-Japan-EU-OECD-Seminar-on-supporting-international-collaboration-on-responsible-business-conduct-13-June.pdf>.
- "Renewable Energy: Catalyst for a Clean Energy Transition." *OECD*, <http://www.oecd.org/environment/renewable-energy-catalyst-clean-energy-transition.htm>.
- "Restoring Georgia's Sovereignty in Abkhazia." *Atlantic Council*, 16 Aug. 2019, <https://www.atlanticcouncil.org/in-depth-research-reports/report/restoring-georgias-sovereignty-in-abkhazia/>.
- Saha, David, et al. "The Economic Effect of a Resolution of the Nagorno-Karabakh Conflict on Armenia and Azerbaijan ." 15 June 2018.



“The Belt and Road Initiative in the Global Trade, Investment and Finance Landscape.” *OECD Business and Finance Outlook OECD Business and Finance Outlook 2018*, Mar. 2018,  
doi:10.1787/bus\_fin\_out-2018-6-en.