

# TOWARDS THE NEXT 50 YEARS: A VIEW ON OUTREACH



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The OECD may now be at a crossroads in its history of 50 years. In the late 1970s, when the Arrangement on Officially Supported Export Credits was conceived in the OECD, exports from OECD members accounted for about 70% of total world exports; this figure has fallen to the current level of around 60%. Although it depends on one's viewpoint as to whether this level is large or small, there will be no argument that it will, in the face of the increase of exports from non-OECD countries, continue to decrease in the coming years.

To put it the other way around, non-OECD countries already account for 40% of world exports and this will continue to grow. It is a matter only of time before more than half of the world's exports will be from non-OECD countries; then our favourite word "outreach" may start to sound more or less ironic – questioning which side is "out"!

## ***A parable with a kernel of truth***

The other day a friend of mine, a banker who loves golf, gave me a rather caustic allegory when I asked him his opinion on the outreach issue: "... from what you tell me, the OECD is like a prestigious golf club with its established traditions but the members who were in their prime thirty years ago are now of considerable age and unless younger players join, the club will soon have fewer members who really play golf. But you will find that young players are not willing to join the club, saying that the playing etiquette is too strict and the rules unnecessarily complex, although for you, the extant membership, these are the heritage of the club and so cannot be relaxed so easily. Sometimes, you tighten the rules in order to be more respected in the neighbouring communities, as you strongly believe that this will bring the club more prestige, which is the price to pay for the pride and honour you can enjoy as a member. But whether you recognise it or not, you, the older members, play much

less often than before so the etiquette and tightened rules are not obstacles to your enjoyment of the game; however, for potential younger members these become a hindrance ...” As is the case with most parables, it seems to me that this story holds a kernel of truth, with a dose of oversimplification!

To my regret, and without recourse to parables, it seems that the discussion on outreach in the OECD is not making very rapid progress, at least as far as the field of export credits is concerned. Maybe it is not so easy to move forward; after all, nobody will voluntarily place themselves under restrictions and the idea of integrating new members by requiring them to adapt their policies and practices to those of the membership, while the existing members need not change their habits at all, may not be a very attractive proposition to possible newcomers. On the other hand, I think that there is a sign of change which tells us that we should not be too pessimistic. Why? Because it is now more than ever, in the context of today’s global financial and economic environment, that the Arrangement is a necessity.

At this moment, it seems that almost every country is trying to introduce new support measures to promote exports in order to keep its economy afloat. However, most countries also consider that there should be limits to the support measures on offer. Firstly, the financial burden arising from such measures is a concern which has emerged rapidly; even the nations that currently provide official export credits that almost defy the market economy would find such burden financially unsustainable in the near future. Secondly, we have no room for trade distortion in today’s global economy and we can no longer revert to the times of *laissez-faire* and *beggar-thy-neighbour* policies in our deeply mutually-dependent global economy. Therefore, I believe that every exporting country, in the not so very long run, will come to recognise the importance of maintaining order in the field of export credits.

The question is how that order should be achieved. High expectation is placed on the OECD export credit committees and the secretariat in such a process, since their continuous dialogue spanning over 30 years and their accumulated expertise could be considered an asset to be shared with the global society. To this end, I expect the export credit rules, guidelines and principles established in the OECD to continue and to be enhanced and adapted to the changing global environment. To facilitate this transition, I believe that it is essential for OECD members to focus fully and urgently on the issue of outreach.

### ***From OEEC to OECD – an outreach evolution***

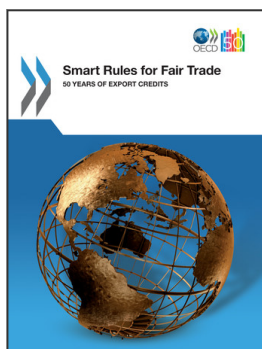
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We can find in the history of the OECD a classic example of handling the outreach issue. The forerunner of the OECD was the Organisation for European Economic Co-operation (OEEC), which was established to administer the Marshall Plan for the reconstruction of Europe after World War II.

The OEEC might have ceased to exist after it had attained its original purpose but it underwent a great transformation 50 years ago to become the OECD, now a highly successful, and one of the most influential, international organisations. That transformation, by extending the OEEC's wings to countries outside Europe, was a revolutionary redefinition of identity which could be described as a leap over the traditional border into "outreach". There must have been reformists and conservatives both with their own views, and there must have been long and numerous discussions and many compromises before the decisive transformation step was taken. I imagine also that those concerned finally came to the united conclusion that, other than by transforming itself, there would be no other way to survive as an influential international organisation.

With non-member countries holding increasingly greater positions and responsibilities in the global economy, today might be the time to make a leap across the border again. And we could be bold, having in mind the decisive step taken by our great ancestors who created the OECD 50 years ago!

*The views expressed in this article are personal to the author.*



**From:**  
**Smart Rules for Fair Trade**  
50 years of Export Credits

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264111745-en>

**Please cite this chapter as:**

Okada, Kohei (2011), "Towards the next 50 years: A view on outreach", in OECD, *Smart Rules for Fair Trade: 50 years of Export Credits*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264111745-19-en>

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