



ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

ORGANISATION DE COOPÉRATION ET
DE DÉVELOPPEMENT ÉCONOMIQUES

Secretary-General
Secrétaire général

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28 March 2011

Dear Chancellor,

It was a great pleasure to see you last week and to jointly present the 2011 OECD Economic Survey of the United Kingdom. We hope this analysis will be of help during the key upcoming discussions following the presentation of the 2011 Budget.

While this budget includes hard measures, we are convinced that they are unavoidable in the short term to pave the way for a stronger recovery. By sticking to the fiscal consolidation plan set out last year, the United Kingdom will continue along the road towards stability. This becomes doubly relevant, given recent events in some countries in Europe.

We also welcome that priority is now rightly shifting to structural reforms to enhance growth performance. This budget provides useful reforms by further lowering corporate taxes, which will contribute to a more efficient tax system. The Government should push forward on plans to align increases in the state pension age with rising longevity in order to make the economy more resilient to ageing. According to the OECD Economic Survey this could, in combination with more public investment and a more efficient VAT system, provide significant support for growth over time.

We remain at your disposal for any issue where the OECD can help.

I look forward to seeing you during the International Monetary Fund and World Bank meetings in April, and of course, to welcoming you to the OECD for our Ministerial Meeting and 50th Anniversary celebrations on 25-26 May 2011.

Yours sincerely,

Angel Gurría

The Right Honourable George Osborne
Chancellor of the Exchequer
United Kingdom

Cc: H.E. Mr. Dominic Martin, Head of the Permanent Delegation of the United Kingdom to the OECD