As the officially recognized voice of business to the OECD, Business at OECD conveys business perspectives and expertise to policymakers on a broad range of global economic governance and policy issues.

In the framework of our consultative status with the OECD, we keep the Organization informed of the private sector’s response to different policy options, thus giving the business community the opportunity to shape the development of policies that impact business globally.

This update provides an overview of our activities in the areas of investment, responsible business conduct, anti-corruption and corporate governance during the first half of 2019 and includes a list of upcoming meetings during the second half of the year.
Investment

Business at OECD Considerations for trade and investment

Business underlines the importance of a global rules-based trade and investment system that opens international markets, removes trade and investment barriers and establishes a level playing field. Today, it is increasingly important that trade and investment policies are not considered in isolation as multinational enterprises (MNEs), including small and medium-sized companies, base their business operations increasingly on global value chains. For business, decisions on international trade and foreign investment are in many cases closely interlinked.

Against the background of deceleration of trade and investment liberalization at the multilateral level, we presented our key messages on trade and investment to the OECD Investment Committee in March 2019. Our paper summarizes our trade and investment priorities for the OECD, including in areas such as state-owned enterprises (SOEs), national security policies, intellectual property and forced technology transfer, digital trade and investment, and regulatory policy.

Following the joint meeting of the OECD Trade Committee and Investment Committee last October, we strongly recommend future dialogue on cross-cutting trade and investment issues which are of particular importance to the business community.

Annual Investment Treaty Conference

In March 2019, Business at OECD participated in the annual OECD Investment Treaty Conference, which this year focused on how level playing field concerns interact with investment policies. Discussions focused among others on preferences for investment treaty-covered investors over non-covered investors, concerns about a level playing field with regard to state-owned enterprises as well as the distribution of government and investor benefits and burdens.

Speaking in the session on SOEs, Business at OECD underlined the growing importance of SOEs that invest globally and the need to address concerns regarding impacts for a global level playing field when preferential treatment granted by governments to SOEs gives them a competitive advantage.

Codes of Liberalization

In May 2019, OECD Ministers adopted the revised OECD Code of Liberalization of Capital Movements, concluding the first revision in over 20 years. Since the creation of the OECD, the Code has provided a framework to progressively remove barriers to the movement of capital, while providing flexibility to cope with situations of economic and financial instability. The review of the Code, which started in 2016, was intended to strengthen governance, transparency, and decision-making, and to reflect current requirements of capital flow management. The revised Code is available on the OECD website.
Conference on national security policies

Policies related to national security are not a new phenomenon. However, the acceleration of new measures considered or introduced calls for renewed international attention. Countries both from within the OECD and beyond are currently considering trade and investment policies related to national security and/or national security tariffs.

Business at OECD participated in the OECD conference on “acquisition and ownership-related policies to safeguard essential security interests”, which allowed for an exchange of views among governments and stakeholders about challenges of current policy designs and practices related to national security policies and underlined the need for international cooperation. Business at OECD underlined the continued importance of the OECD Guidelines for Recipient Country Investment Policies relating to National Security to help countries design and implement policies that allow them to achieve national security goals with minimal impact on investment flows.

FDI qualities: Investment for inclusive and sustainable growth

In 2018 the OECD launched a new project on FDI qualities to equip policymakers with an actionable tool to mobilize FDI that maximizes inclusive and sustainable growth. The project includes the following clusters for FDI qualities indicators: productivity-innovation, skills, job quality, gender, and carbon footprint.

Building on our participation in the first two policy network meetings, we joined the third meeting in March 2019 which focused on labor market outcomes, including skills and quality jobs, as well as carbon footprint. Business at OECD underlines that FDI can bring multiple benefits, such as supplying capital, diversifying domestic production, contributing to the creation of value-adding jobs, enhancing the skills base of host economies, providing a source of technology, knowledge and know-how, boosting competitiveness of domestic firms, and facilitating their access to markets. To read our key messages, click here.
Restoring trust in the NCP System

Business at OECD considers responsible business conduct as promoted by the OECD Guidelines for Multinational Enterprises (MNE Guidelines) to be an essential part of an open investment climate and in the best interest of business. We are working in partnership with the OECD, national governments and multinational enterprises to support effective implementation of the MNE Guidelines and promote them in adhering countries and beyond.

The MNE Guidelines are supported by a unique implementation mechanism of National Contact Points (NCPs) established by adhering governments. Through NCPs, interested parties can resolve disagreement over the implementation of the MNE Guidelines and find a common solution. However, despite the collective efforts to promote the MNE Guidelines and the NCP process, companies’ experience with the NCP system has been mixed. There are several challenges that need to be addressed so that companies have trust in the system, e.g. increased awareness raising, respect of confidentiality and impartiality of the NCP process, and ensuring the process is not mis-used for public campaigning. Based on our recommendations on restoring trust in the NCP system, we contributed to discussions in June 2019 on improving trust in the initial assessment phase and follow-up to specific instances.

Implementation of the OECD due diligence guidance

The OECD Due Diligence Guidance for Responsible Business Conduct provides practical support to enterprises on the implementation of the MNE Guidelines by providing concrete explanations of its due diligence recommendations and associated provisions. Implementing these recommendations is intended to help enterprises avoid and address adverse impacts related to workers, human rights, the environment, bribery, consumers and corporate governance that may be associated with their operations, supply chains and other business relationships. Business at OECD actively contributed to the development of the Guidance, which includes additional explanations, tips and illustrative examples of due diligence.

This year, a comprehensive plan for implementation of the Due Diligence Guidance has been put in place to help support meaningful uptake and drive the desired outcome and impacts globally. The implementation plan focuses among others on capacity building, technical assistance and promotion; research; monitoring and supporting measurement of impacts.
OECD Global Forum on Responsible Business Conduct

This year’s forum, which took place as part of the Responsible Business and Human Rights Forum, was an integral event of the Bangkok Business and Human Rights week. The Forum brought together over 700 representatives from government, business, workers organizations, civil society and academia for wide ranging discussions on key global social and economic challenges related to responsible business conduct.

Our member organization USCIB organized a roundtable on “Inclusive Multilateralism, SDGs and Business” supported by Business at OECD and IOE as a side-event of the forum. Experts shared their practical experience to promote the SDGs through multilateralism, dialogue and partnership.

OECD Forum on Due Diligence in the Garment and Footwear Sector

The garment and footwear sector is one of the largest consumer goods sectors in the world. In February, the OECD Garment Forum convened over 400 representatives to discuss key issues and risks related to due diligence in global garment and footwear supply chains. One key focus of the 2019 Forum was “measuring impact.” Participants shared their lessons learned from the implementation of the OECD guidance as well as specific challenges that can arise when applying due diligence in areas such as forced labor, climate change and children’s rights.

OECD Forum on responsible mineral supply chains

The OECD Due Diligence Guidance for mineral supply chains provides detailed recommendations to help companies respect human rights and avoid contributing to conflict through mineral purchasing decisions and practices.

Business at OECD participated in the 13th Forum on Responsible Mineral Supply Chains in April 2019, which featured sessions on measuring impact as well as on opportunities and challenges in the context of responsible sourcing related to specific minerals such as diamonds, cobalt, 3Ts (tin, tantalum, tungsten) and gold.

Gender issues in supply chains: good practices in applying due diligence

In March, we participated in the OECD workshop on responsible business conduct and gender, which provided a platform for discussion on how OECD instruments help companies integrate a gender lens into due diligence and address gender-related risks in global supply chains. We provided specific examples of how companies have incorporated a gender lens in their operations and the expected role of governments for better engagement of the private sector.

Due diligence in corporate lending and securities underwriting

Following the analysis on responsible business conduct for institutional investors, the OECD is developing due diligence guidance for general corporate lending and securities underwriting. As a member of the Advisory Group, we have been actively engaged in the discussions on the report in close coordination with our members from the financial sector. Particular attention has been attached to issues related to confidentiality, stakeholder engagement, and the distinction between “linked to” or “contribute to” adverse impact, which has implications for access to remedy. The project is expected to be finalized this year. Possible future work on responsible business conduct in the financial sector could include work on asset-based transactions.
2019 OECD Global Anti-Corruption & Integrity Forum

This annual OECD Anti-Corruption and Integrity Forum convenes leading actors from business, government and civil society to advance innovative solutions on a range of issues related to integrity and anti-corruption.

This year's forum brought together close to 2000 participants from 120 countries under the theme “Tech for Trust” to debate how governments could leverage digital technologies as tools for anti-corruption. Specific sessions addressed how blockchain, big data analytics, artificial intelligence and other new technologies are transforming the way of working for governments, businesses and society. Business at OECD representatives emphasized the importance of leveraging digital technologies to promote a culture of integrity.

On the occasion of the Forum, a new OECD study on Resolving Foreign Bribery Cases with Non-Trial Resolutions was launched, which highlights that 78% of foreign bribery cases concluded since the entry into force of the OECD Anti-Bribery Convention were resolved with a non-trial resolution.

Review of the 2009 OECD Anti-Bribery Recommendation

The 2009 OECD Anti-Bribery Recommendation was adopted to enhance the ability of the countries adhering to the Anti-Bribery Convention to prevent, detect and investigate allegations of foreign bribery. It contains provisions for combating small facilitation payments, protecting whistleblowers, improving communication between public officials and law enforcement authorities and includes a Good Practice Guidance on Internal Controls, Ethics and Compliance. To ensure that the Recommendation is up to date, the OECD launched a review of the Recommendation.

Business at OECD has strongly supported the review of the Recommendation to ensure that it reflects changes in regulatory approaches as well as new trends that have occurred over the last ten years. We also see this as an opportunity to introduce new topics, such as the need to address the demand side of bribery, foster better use of technologies, and recognize compliance efforts and voluntary self-disclosure.

On the occasion of the public consultation in April, we contributed our comments on the revisions of the 2009 Recommendation. The comments are available on our website.

Klaus Moosmayer, Anti-Corruption Committee Chair speaking at the Global Anti-Corruption & Integrity Forum, March 2019

The OECD Anti-Bribery Convention remains a landmark in the global fight against bribery and corruption.
Fight against corruption highlighted at B20 Tokyo summit

Klaus Moosmayer, Anti-Corruption Committee Chair, speaking at the B20 Tokyo Summit, March 2019

Throughout the year, we had been closely working with our Japanese member organization Keidanren to contribute to the preparations for the B20 summit in Tokyo and the development of the B20 Tokyo Summit Joint Recommendations under the overarching theme of “Realizing Society 5.0 for SDGs.”

A number of our comments have been reflected including in the section “integrity for all”, which underlines the need to foster the highest standards of ethics, integrity and compliance to address both demand and supply side issues. Speaking in the panel on global challenges to achieve the SDGs, Klaus Moosmayer, Chair of our Anti-Corruption Committee, underlined the importance of close cooperation between business and government in the fight against corruption. To read the B20 Tokyo Joint Recommendations, please click here.

Export credits and bribery: revised OECD Recommendation

In 2019, the OECD Council adopted the revised Recommendation of the Council on Bribery and Officially Supported Export Credits in order to reinforce the Anti-Bribery Convention’s objective to take action to deter and sanction bribery of foreign public officials in international business. Business at OECD had actively contributed to the update. The updated Recommendation is now publicly available on the OECD website.

In June, our members shared their experience to address bribery and corruption in the context of export transactions at the OECD Workshop on bribery and export credits.

Nicola Allocca speaking at OECD Workshop on Bribery and Export Credits

Monitoring of the OECD Anti-Bribery Convention

Countries’ implementation and enforcement of the OECD Anti-Bribery Convention is monitored by the OECD Working Group on Bribery through a rigorous peer-review monitoring system. To access the country reports, please click here.
Guidelines on Anti-Corruption and Integrity in State-owned Enterprises

Today, SOEs account for 22% of the world’s largest companies and their role as global competitors is growing as the boundaries of markets increasingly extend beyond geographic borders. They are often concentrated in sectors with strategic importance for the state and society and can be exposed to specific corruption risks.

At the May 2019 Ministerial Council Meeting, Ministers adopted the Recommendation of the Council on Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises. These Guidelines are the only internationally agreed standard dedicated to supporting the state in promoting integrity in the SOEs they own. Business at OECD has been closely involved in the development of the Guidelines and has recommended active cooperation with the private sector to learn from successful compliance programs. The focus must now be on implementation and outreach to non-member economies to ensure a level playing field.

Climate related financial disclosure

While many companies report on environmental issues, most have yet to specifically provide the market with consistent information on the financial implications of climate change for their businesses. Disclosures vary across industries and regions and are often made in multiple reports.

In April, we participated in a roundtable to discuss the Financial Stability Board (FSB) status report on the implementation of the recommendations provided by the FSB Task Force on Climate-Related Financial Disclosures and a report on climate-related financial disclosures and corporate board practices. Business underlined the importance of consistent approaches and the challenges related to a multitude of different standards.

The OECD Guidelines on Corporate Governance of State-Owned Enterprises advise countries how to manage more effectively their responsibilities as company owners.

Pascal Durand-Barthez, Corporate Governance Committee Vice-Chair, speaking at the March 2019 consultation with the OECD Working Party on State Ownership and Privatization Practices
Proposal to provide a metric of market participation

The roundtable on **corporate governance and increasing public access to wealth creation**, which we organized in October 2018, underlined the importance of encouraging broader public participation to foster trust. Building on these discussions, we presented a follow-up proposal to the OECD Corporate Governance Committee in April 2019 to develop an index of market participation to highlight connections between broad capital market participation and the institutions of liberal economies. This initiative would contribute to highlighting the role of corporate governance in supporting access to capital, value creation and economic growth, and underline the importance of societal support for good corporate governance.

Duties and responsibilities of boards in company groups

Following the roundtable discussion and the OECD Committee’s decision in October 2018, the OECD has embarked on a thematic peer review on the duties and responsibilities of boards in company groups. The results from the survey will be used to present an overview of the legal and regulatory framework with respect to Board duties and responsibilities and to identify different approaches to address the issue of group structures.

At the consultation in April, we underlined the importance of a framework for group governance that can accommodate the multiple legal systems, and to consider it in the context of private equity as well as competition law issues.

The **G20/OECD Principles of Corporate Governance** provide an indispensable and globally recognized benchmark for assessing and improving corporate governance. The Principles have also been adopted as one of the Financial Stability Board's key standards for sound financial systems.
Upcoming meetings in 2019

Please find below a non-exhaustive list of upcoming meetings. Please note that some meetings are subject to confirmation and others might be added.

12th Meeting of the Asia Network on Corporate Governance of SOEs (Manila, Philippines)
4-5 September

OECD Global Blockchain Policy Forum 2019
12-13 September

OECD Trust in Business Forum
1-2 October

OECD SOE Anti-Corruption Day
16 October

17-18 October (Consultation TBC)

OECD Investment week (week of 21 October)
- Investment Promotion Agencies Network meeting, 22 October
- OECD Roundtable on Investment and Sustainable Development, 23 October
- Stakeholder consultation with the OECD Investment Committee, 24 October

OECD Corporate Governance Committee
28-29 October (Consultation TBC)

OECD Working Party on Responsible Business Conduct and NCP meetings
4-8 November (Consultation TBC)

OECD Working Group on Bribery in International Business Transactions
10-13 December (Consultation TBC)

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Recent OECD Publications

Please click on the link to access the publication

Investment

FDI in Figures (April 2019)
The bi-annual report underlines that in 2018, global FDI flows decreased by 27% compared to 2017.

This User's Guide is intended to enhance the understanding of the principles and procedures of the OECD Codes and to provide detailed explanations of the coverage of the Codes.

The Contribution of International Business Investment to the SDGs: Key Actors and Recent Trends
This paper synthesizes research on business investments and their contribution to the implementation of the Sustainable Development Goals as well as recent investment trends in developing countries.

21st Report on G20 Investment Measures
The OECD-UNCTAD report monitors the commitments made by G20 countries not to introduce new barriers to trade and investment.

Ant-Bribery

Resolving Foreign Bribery Cases with Non-Trial Resolutions
This study reviews the main features of non-trial resolutions and their use to resolve foreign bribery cases.

Corporate Governance

Corporate Governance Factbook 2019
The Factbook provides up-to-date information about the institutional, legal and regulatory frameworks for corporate governance across 49 jurisdictions worldwide.

Corporate Bond Markets in a Time of Unconventional Monetary Policy
This report shows that non-financial companies have dramatically increased their borrowing in the form of corporate bonds and points to some of the risks and vulnerabilities in the corporate debt market.

Responsible Business Conduct

Progress Report on National Contact Points (NCPs) for Responsible Business Conduct
This paper addresses the need for more government support and resources to ensure that NCPs reach their full potential.