



BUSINESSatOECD

THE BUSINESS AND INDUSTRY ADVISORY COMMITTEE

Business at OECD (BIAC)

Update on selected Policy Priority Projects

May 2018

Business at OECD (BIAC) is actively engaged in a wide range of OECD committees and consultations with policy makers at all levels. In addition to our regular and active dialogue with OECD Committees, where policies are being designed, we contribute to high-level discussions with OECD leadership, Ministers and Ambassadors. Our active engagement in the B20 and G20 process ensures a consistent business message and strengthens the dialogue with governments throughout rotating G20 presidencies.

This paper provides a brief overview of selected policy work that is currently particularly high on our agenda. It is not intended to be an exhaustive list and does not represent the full range of issues we contribute to throughout the year.



Taxation and Base Erosion and Profit Shifting (BEPS) implementation

The G20/OECD project on Base Erosion and Profit Shifting (BEPS) remains the most comprehensive example of multilateral action advancing consensus on global tax issues. OECD leadership to advance international tax standards for both direct and indirect tax is critical to prevent unnecessary fragmentation of the international tax system. *Business at OECD* continues to engage governments in this process to ensure clear, consistent implementation of the BEPS Recommendations which, in the context of the Inclusive Framework, now extends significantly beyond OECD and G20 Membership to 113 countries.

As highlighted in the OECD/G20 Interim Report on Tax Challenges Arising from Digitalization, the digital economy cannot be carved out and a structured dialogue between a broad group of countries and stakeholders is urgently needed to develop global solutions in this area. *Business at OECD* organized two Digital Days sessions in Europe and the U.S. to help provide background on highly digitalized business models, and we will continue to engage and point to the OECD Inclusive Framework as the most appropriate forum for this pertinent issue. *Business at OECD* also actively contributes to the work on Common Reporting Standard/Automatic Exchange of Information, tax and development, and indirect tax. We will continue our outreach to non-OECD economies, including through participation in a forum in Brasilia launching the OECD's review of Brazil's transfer pricing rules. We are also planning further international meetings with our Members and Observers in New York, Washington, DC, Tokyo, Berlin, and Munich.

Economics and regulation

The OECD's world leading macro-economic insights and analysis are a valuable resource for business to understand and evaluate the global economic environment, and so help frame advocacy efforts. As many countries face continued structural challenges such as weak productivity growth, changing demographics and the effects of digitalization, the OECD's guidance on prioritizing national level reforms is essential. Our work on economic policy enables members to shape the OECD's structural reform recommendations for their country, such as via our annual *Economic Policy Survey*. Our ongoing engagement with the OECD Economic Policy Committee also allows members to influence the direction of key thematic work streams, such as productivity, employment, green growth, and product market regulation.

Regulation is a critical tool for policy makers to support economic performance and pursue policy objectives, but over-complicated regulatory frameworks, lack of transparency in rule-making, and

inefficient or improper enforcement harm business operations. To uncover areas of the regulatory cycle that receive too limited attention from policy makers, *Business at OECD* is currently contributing to the 2018 Regulatory Policy Outlook, one of the OECD flagship publications, which supports governments to increase regulatory efficiency and improve the way they regulate. To support the efforts of OECD and regulators to better understand the benefits of effective international regulatory cooperation, *Business at OECD* and IFAC recently released a major study on *Regulatory Divergence: Costs, Risks, Impacts* in financial services, showing that inconsistencies in regulation between different jurisdictions cost financial institutions between 5 to 10% of annual revenue turnover.

Trade and investment

For business, the OECD's evidence-based work and analysis on trade and investment adds significant value to our members' advocacy with their respective government. OECD evidence and thought leadership are particularly important at a time when the benefits of open markets are under attack. Businesses can use OECD tools to identify the economic and policy impact of barriers and protectionist measures across markets, through dialogue with the OECD Trade Committee, G20 officials and selected WTO Ambassadors. Our trade work allows our members to help shape OECD analysis and exchange with policymakers on the following central themes: emerging issues on digital trade, best practice on trade in services, including movement of business persons and small parcels, development of facts and figures to better communicate the benefits of open markets, business utilization of free trade agreements, recommendations on implementation of regional trade agreements (CETA, TPP-11), and steel excess capacity.

Foreign direct investment is an integral part of a growth-oriented open economy. Our recently issued *Proactive Investment Agenda for 2018* calls for a forceful defense from the OECD to underpin the value of an open international investment environment and for an effective implementation of the OECD legal instruments in the area of investment: the OECD Declaration on International Investment and Multinational Enterprises, the OECD Code of Liberalization of Capital Movements, and the OECD Policy Framework for Investment. We will continue to defend the importance of international investment agreements and investment protection and will help shape discussions on global value chains, investment policies and national security, the link between investment and development as well as the challenges related to internationally active SOEs, to ensure that companies can compete on a global level playing field.

Responsible business conduct and the fight against corruption

Responsible business conduct, in particular human rights and supply chain issues, are top political priorities for OECD governments. We therefore actively monitor work related to the implementation of the OECD Guidelines for Multinational Enterprises (MNEs), the most comprehensive responsible business conduct instrument, which has a unique implementation mechanism in the form of National Contact Points (NCPs) where complaints can be brought up against companies. A clear and shared understanding of the role of the NCPs as mediation platform is therefore of crucial importance. We have provided active business input to the development of the OECD due diligence guidance, which will be a contribution to the 2018 Ministerial Council Meeting. As the focus will move towards implementation, we will continue to highlight the need to take into account the complexity of global supply chains and the practical challenges companies face in this context.

Business at OECD joined the OECD celebration on the 20th anniversary of the OECD Anti-Bribery Convention, a landmark instrument in the fight against corruption. In addition to ensuring that the Convention is applied consistently and that more countries join to ensure a global level playing field, business calls on the OECD to take specific steps to effectively address the demand side of bribery, take into account compliance efforts, encourage voluntary self-disclosure, and address corruption at the border through specific collective action projects and cooperation with the private sector. *Business at OECD* is also a knowledge partner in the annual OECD Anti-Corruption and Integrity Forum, as well as in the B20 Anti-Corruption Task Force.

The digital economy

Enabling the potential of digital technologies for our economies and societies is a key priority in our agenda for growth and prosperity. Through our Committee on Digital Economy Policy (CDEP), we lead business input to the OECD project Going Digital, which aims to create a framework for addressing and understanding the digital transformation in specific digital technology domains as well as for cross-cutting policy challenges, including impacts related to jobs and skills, competition and open markets, trust, data governance and measurement. The project will deliver a final synthesis report in spring 2019. The BIAC Steering Group on Digital, including experts from across our policy groups works to ensure cross-discipline business engagement to the OECD Going Digital project.

CDEP also leads business input to OECD projects addressing artificial intelligence (AI), online platforms, data governance, e-commerce, data protection and cybersecurity as well as key telecoms issues including 5G and network neutrality. We are also engaged in the newly launched OECD Global Forum on Digital Security and Prosperity, which will have its first meeting in late 2018. *Business at OECD* is a Network Partner of the B20 Task Force on Digitalization providing an important link to OECD work on the digital economy, mandated by the G20.

Health and productivity

Different sectors respond to OECD recommendations on health, which tend to favor cost-containment and restrictive, fiscal approaches to address access to innovation and public health challenges. This work directly impacts both healthcare providers and agri-food producers. Our engagement with the OECD and governments provides our members with an opportunity to promote cost-effective interventions to address obesity, nutrition, and other public health challenges, an area of key interest to food and beverage manufacturers, sports associations, and employer organizations. The OECD is working on a major report on obesity in 2018, which will guide governments on policy options to reduce its incidence and economic impact across societies.

We will also help identify policies that put health systems in the context of economic productivity - relevant for pharmaceuticals, medical devices, and private hospitals - and will contribute to the OECD report providing policy options to provide access to innovative therapies. Business will help shape the development of the “PaRIS” initiative, which seeks to measure patient outcomes in healthcare and will require the expertise of healthcare providers. Through selected participation, we will be directly involved in discussions with multiple OECD expert groups, including on public health, fiscal sustainability, pharmaceutical and medical devices. Building on the successful events in previous years, *Business at OECD* will hold its 3rd Forum on Health, a major platform for business-to-government proactive dialogue on 18 October 2018 in Paris.

Employment and education

The OECD will deliver its new Jobs Strategy, setting out comprehensive policy guidance for employment related issues at the 2018 Ministerial Council Meeting. *Business at OECD* has worked to ensure that the revised Jobs Strategy recommendations support private sector growth, innovation and job creation, including an emphasis on skills and ensuring that policy frameworks support diverse forms of work. We also actively contribute to related OECD projects addressing the Future of Work as well as Collective Bargaining. On 9 March 2018, *Business at OECD* organized a seminar contributing to the OECD March on Gender initiative to launch our new report *Preparing All our*

Minds for Work: Girls, Women, and Learning over a Lifetime. In May, we attended the OECD Ministerial on Social Policy addressing Social Policy for Shared Prosperity: Embracing the Future emphasizing the contribution of employers to social benefit systems, and the need to align social policy with the evolving world of work.

Education, training and lifelong learning remain top priority issues for business. We focus among others on equipping individuals with the skills and competencies to adapt in the digital transformation and provide active support to initiatives promoting youth employment, including apprenticeships through the Global Apprenticeship Network (GAN). Together with the IOE, we are engaged in the Argentinean B20 Task Force on Employment and Education and the G20 Employment Task Force process, and attended the G7 Employment and Innovation Ministers Summit addressing the theme Jobs of the Future. We are also again working together with the IOE, TUAC and ITUC to produce a joint B20-L20 Statement, which will be delivered to G20 Employment Ministers in September.

Green growth and innovation

The OECD is committed to advance sustainable development and makes an important contribution to global policy discussions on the environment. As Parties to the Paris Agreement work towards COP24 in Katowice, business contributes policy advice to the OECD that supports countries' efforts to move to predictable, stable and reliable development pathways. At a time when the implementation of the international climate process is facing increasing uncertainty, we are preparing a report in cooperation with the Major Economies Business Forum and the United States Council for International Business (USCIB) to highlight the important role of the private sector in elaborating and implementing Nationally Determined Contributions (NDCs). The results will be presented to OECD, governments and climate negotiators during a Roundtable on The Paris Agreement and the Private Sector on 11 October 2018, at the margins of the OECD Global Forum on Climate Change.

Ensuring that natural assets continue to provide the resources on which our economies rely, OECD research on transformative innovation supports governments to account for the crucial role that technology impacts can have in the circular economy transition. We advise the OECD on responsible development and emerging policy issues of transformative technologies, including in the fields of chemicals, nanotechnology and biotechnology to ensure an innovation-friendly business environment. For business, a whole-of-government approach to align policy work to the changing global context and to new drivers of innovation is crucial.

Competition and state-owned enterprises

Appropriate regulatory frameworks require an understanding of the transformation both with regard to technology and business models across sectors. In 2018, *Business at OECD* will continue to engage closely in OECD work on competition policy, as the OECD facilitates international exchanges among regulators and antitrust enforcers on competition policy topics with a particular focus on digitalization. In this context, the OECD is currently also reviewing its Competition Assessment Toolkit, and we actively contribute business views on competition assessments of regulatory barriers regarding the sharing economy, platforms, healthcare and fintech.

Underlining that all market actors need to operate and compete under equal conditions, *Business at OECD* actively contributes to OECD work on state-owned enterprises (SOEs), which are becoming increasingly important as global competitors, giving rise to concerns about market distortions and an unlevel playing field. In 2018, *Business at OECD* is in particular involved in the development of two high-profile OECD projects: a global reporting standard for internationally active SOEs to enhance transparency as well as anti-corruption and integrity guidelines for SOEs to address the specific challenges they face in this area.

Small and medium-sized enterprises (SMEs)

OECD work to map and evaluate the business environment facing smaller companies offers great scope to businesses to promote their policy priorities with national governments. As greater attention is given to fostering entrepreneurship, as the recent OECD Ministerial Meeting on Small and Medium Sized Enterprises highlighted, the benefit of multilateral discussion to support domestic policy development is clear. Businesses can use OECD tools to identify the structural and regulatory barriers to small business growth, and help shape governments' response to this. Through our open dialogue with the OECD Working Party on Small and Medium-Sized Enterprises and Entrepreneurship, members can shape OECD analysis on core themes, such as diversifying the finance landscape, e-commerce, and integrating SMEs into global value chains.



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