

October 2015

Current priority areas for BIAC

Investment was the central theme of this year's OECD Ministerial Council Meeting and continues to be a priority on the global economic agenda. Ministers acknowledged the essential role of productive investment to promote sustainable and inclusive growth, drive job creation and support the transition to a low-carbon resilient economy. BIAC underlined the need to unlock investment through policies that support efficient, competitive, and open markets.

With this overall objective in mind, BIAC will continue to engage in a number of priority areas that are fundamental for private sector led growth. This paper provides a short overview of BIAC work that will be particularly high on our agenda in the coming months and which will also help shape our input to next year's Ministerial meeting, which is expected to focus on productivity. It is in no way an exhaustive list and does not represent the full range of important issues our members contribute to throughout the year.

Trade and investment

For business and our quest for open markets, the OECD's evidence-based work and analysis on trade and investment is groundbreaking, boosting our members' operations on-the-ground and adding value to the advocacy of our national federations. As the OECD looks at trade in services, BIAC is developing policy positions on emerging government regulations that hamper trade and run against international trade principles. These include localization barriers, data flow restrictions, and movement of business persons. Following last year's high-level OECD-BIAC-USCIB conference on trade and investment in Washington, D.C., BIAC is organizing a second event featuring the participation of the OECD Secretary General in Mexico City in October 2015 to bring business and OECD insights to the region.

At the same time, and while important agreements are being negotiated, business observes a proliferation of restrictions on FDI. OECD leadership is particularly important at a time when key instruments, like bilateral investment treaties (BITs) and Investor-State-Dispute-Settlement (ISDS) are under attack. As highlighted at the OECD/G20 Global Forum on International Investment, which took place in Istanbul on 5 October, BIAC will continue to strongly encourage effective

implementation of the newly updated OECD Policy Framework for Investment to ensure the establishment of a pro-investment policy framework in OECD and non-OECD countries.

International Taxation and Base Erosion and Profit Shifting (BEPS)

On 8 October 2015, the OECD presented the final package of BEPS measures to the G20 Finance Ministers, and on 15-16 November, the OECD Secretary General will deliver the BEPS final reports to the G20 Leaders in Antalya, Turkey, ending the first phase of the most comprehensive reform to international tax rules in almost a century. While some concerns remain, BIAC has always acknowledged that modifications were required to international tax rules, and believes that the broad direction of many of the recommendations will help, if they are correctly, harmonically and consistently implemented.

BIAC has been actively engaged in the work, not only on the BEPS project, but throughout all the streams of the OECD work on tax matters. During the 2-year development period of the BEPS recommendations, BIAC submitted comments on the 23 discussion drafts and vigorously participated in the 11 public consultations organized by the OECD, advocating and explaining business concerns. Moving toward the pivotal phase of the project, its implementation, BIAC will be engaged more than ever to ensure its success. BIAC will work closely with the OECD and the G20 in the design of the “inclusive framework” for monitoring BEPS and supporting implementation of the measures and will remain the voice of business in the upcoming follow-up work.

Economic policy

Faced with great volatility in markets and one of the weakest global economic recoveries in decades, BIAC actively champions the implementation of structural reforms that facilitate business activities and unlock sustainable economic growth. The BIAC Economic Policy Committee will therefore administer its next BIAC Economic Policy Survey in January 2016 in order to identify national business organizations’ top reform priorities and invite their views on the implementation of reforms in their countries. The findings will contribute to the OECD Economics Department recommendations to countries in the Going for Growth 2017 publication.

Recognizing that productivity is essential for GDP growth and material living standards, the BIAC Economic Policy Committee is exploring the dynamics of the current productivity slowdown and is discussing different policy options. These discussions shall contribute to BIAC’s annual consultation with OECD Ambassadors in January 2016, as well as BIAC’s inputs to the OECD Ministerial Council Meeting in June 2016.

Responsible business conduct and the fight against bribery and corruption

Responsible business conduct and the OECD Guidelines for Multinational Enterprises, OECD’s flagship instrument in this area, got significant attention this year at the OECD Council Ministerial

and the G7 Summit, which highlighted in particular the role of National Contact Points. Business remains challenged in this area as human rights and supply chain issues are getting high-level political attention and the number of complaints by NGOs and trade unions against companies is on the rise. Work on the implementation of the Guidelines will therefore remain high on our agenda.

At the same time, public exposure to corruption is a serious risk for all companies in domestic and international markets. BIAC has stepped up its efforts to ensure that the OECD Anti-Bribery Convention, a landmark instrument in the fight against bribery, is applied in a consistent way and that efforts are undertaken to enlarge adherence. For the first time, BIAC will organize a business roundtable in December with the OECD Working Group on Bribery to discuss two business priority issues: addressing bribe solicitation, as well as incentivizing self-disclosure. BIAC will also work closely with the OECD to prepare the Ministerial-level meeting on the OECD Anti-Bribery Convention planned for March 2016.

Health

The significance of health and related issues for productive economies is of growing concern for the OECD and its members. Ensuring BIAC engagement in the field of health is vital, in particular as in 2017, an OECD Health Ministerial will identify a set of mandates to the OECD for future work on health.

To prepare for this Ministerial, the OECD organized in June 2015 a workshop on “High Cost Medicines” as governments wish to explore options to contain expanding costs of healthcare. Additionally, OECD continues its work on the “prevention” of risk factors for chronic diseases, including a project on obesity and nutrition which might continue favoring the imposition of fiscal measures on food, soft beverages, and alcoholic beverages. As an example, a recent OECD publication calls for a 10% “tax hike” on alcoholic beverages. BIAC’s Health Committee continues to respond to these sensitive topics - producing aligned messages across industries - and will showcase the role of the private sector as an innovative partner for governments in the areas of health and prevention through dedicated events.

Regulatory policy and public governance

For BIAC, the regulatory and public governance agenda is at the heart of the OECD mission. Over the years, individual BIAC members supported specific programs in the field and BIAC actively engaged in the OECD project on Measuring Regulatory Performance, the results of which will be featured in the upcoming Regulatory Policy Outlook. This new flagship publication of the OECD, which will be launched at the OECD Ministerial Meeting on Public Governance on 27 and 28 October in Helsinki, will do much to increase peer pressure among governments to deal with unbalanced regulations and inconsistent policies.

The next steps for the OECD Trust Agenda will also be discussed during the Ministerial meeting, as trust and integrity have become a cornerstone of public governance. BIAC welcomes further

activities pertaining to trust in public institutions as we see measures aiming to strengthen integrity in the public sector are the necessary counterpart to the fight against misconduct in the private sector. Furthermore, a healthier regulatory environment is a prerequisite for good regulatory practices. During the Ministerial meeting, the Chair and Vice-Chairs of the BIAC Governance Committee will deliver a statement on inclusive growth and trust, stressing our strong support to regulatory policies that are based on sound stakeholder engagement and impact assessment.

Getting ready for COP 21

In the wake of the global climate change conference in Paris (COP 21), the OECD is in high demand to provide fact-based policy analysis on issues ranging from financing requirements and emissions accounting to fossil fuel subsidies and carbon pricing. Such analysis is more important than ever so that policy makers can base their decisions on objective data and information. As a multi-disciplinary organization, the OECD is in a unique position to contribute in particular to the alignment of policies across different areas to ensure that environmental policies are considered in interaction with other policy objectives.

A regular participant in the bi-annual OECD/IEA Forum on Climate Change, which discusses technical key issues of relevance for the negotiation process, BIAC works closely with the OECD to prepare for COP 21, including for OECD side-events. BIAC will highlight the importance of a pro-investment policy framework, innovation, and open markets for the diffusion of climate change technologies, and how public finances can best be used to attract private sources of capital. Looking ahead, BIAC will contribute to the preparations for the 2016 OECD Environment Ministerial meeting, which among others will discuss follow-up to COP 21.

Digital economy

The growing digitalization of businesses and jobs brings new questions to the forefront of internet policy making. The Internet and related information and communication technologies hold great promise in furthering economic growth and societal benefit. That promise is predicated on an appropriate and facilitating policy and regulatory environment and equally dependent on the need to constructively address pressing societal challenges, ethical issues and need for greater inclusion.

In light of this promise, the OECD is preparing for the Digital Economy Ministerial in June 2016 in Cancún, Mexico. The Ministerial Declaration will guide the digital agenda of the OECD for the next decade. As the global market continues to shift towards the internet economy, policies related to internet openness, security and privacy, innovation, digital convergence and the transformative effect of digitalization of the market on jobs, can help deliver the promise of economic growth and societal benefits.

Employment, Skills and the Future of Work

In January 2016, the OECD will be holding the Future of Work Forum and the Employment Ministerial that will open with a dialogue on policies related to the transition from education, unemployment to employment with discussions harnessing the benefits of the technological innovation and changing skills demand. An important part of the Future of Work Forum and the ministerial policy agenda for employment will focus on skills, and in particular, technological skills and employment. BIAC will participate in the Future of Work Forum with representatives in panels focusing on the digitization of the market; skills; and labor market institutions. The following day, BIAC is invited to the Ministerial meeting session “promoting greater labor market inclusiveness.”

Recognizing the importance of skills for the future of work, the BIAC Education Committee is preparing a Vision Paper on Education that will highlight employer priorities for education policy in order to support our economies and societies in the 21st Century. Issues will include curriculum design, higher education, vocational training, work-based learning, educational innovation, and character qualities for the workplace, among others.

Food and agriculture

Ending hunger, achieving food security, improving nutrition, and promoting sustainable agriculture were all featured prominently in the Sustainable Development Goals, agreed in September 2015 by UN Member States. As Agriculture Ministers are due to convene in April 2016 at the OECD Headquarters in Paris, BIAC is already working to identify the sorts of policy approaches that will be required – and the important role to be played by the OECD – to meet the world’s food security and nutrition needs. Later this year, the BIAC Food & Agriculture Committee will therefore present three papers to the OECD in preparation for the Ministerial-level meeting, focusing on trade and agriculture, innovation in the agri-food chain, and nutrition.