



BUSINESSatOECD

Trading Better, Living Better

5 Business Priorities
for the OECD Trade Agenda

Position Paper
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Introduction

Business at OECD (BIAC) - representing the leading business federations in OECD countries and beyond - wishes to strengthen our collaboration with the OECD on trade policy at a time of incredible stress in world affairs.

More than 600 days have passed since the Russian regime started its unprovoked, illegal war against Ukraine; the terrorist attack against Israel has escalated tensions in the middle east; and geopolitical frictions are also on the rise elsewhere. As our economies face continued challenges, strive to leave the pandemic behind and address climate change, an unsettled world order significantly threatens our capacity to make collective progress on these common fronts.

These developments also cast a shadow over the outlook for international trade. According to the latest WTO trade forecast released on 5 October, projections for growth in global merchandise trade in 2023 have been scaled back, and the volume of world merchandise trade is now expected to grow by only 0.8% this year - less than half the 1.7% increase forecasted in April. This is cause for concern, given the adverse implications for the living standards of people around the world.

"Going forward, a fundamental challenge facing the OECD community of like-minded countries is how to act in an effective and coordinated manner to ensure economic security and prosperity while preserving the benefits of open markets and a rules-based international trading system in line with the OECD's founding values and principles."

The OECD's Contribution to Promoting Open Markets and a Rules-based International Trading System in Good Working Order, Released at the 2023 OECD Ministerial Council Meeting

At this critical juncture, it must be clear that the security, sustainability, and success of our economies do not stand in contrast with open markets and rules-based international trade - they rely on them. The OECD business community shares an abiding faith, rooted in experience, that the real economy is the lynchpin of global well-being, enabler of mutual benefit, and essence of connectivity.

The OECD's primary role should be to protect and nurture this - the real economy - as a fundamental factor in the world order. This must take into account that our business models and trade relationships are evolving all the time, and new opportunities arise for countries to benefit from trade, especially from digitalization. Therefore, the Organization and its member governments should redouble their efforts to enable buyers and sellers from across the globe to come together and freely exchange goods and services wherever possible.

Regrettably, the multilateral trading system has been experiencing severe difficulties for years and does not reflect 21st century business realities and requirements in many regards. This has exacerbated trade policy and supply chain challenges in the current scenario:

- **Growing global and regional uncertainties** - including escalating trade tensions, geostrategic challenges, natural disasters, financial stresses, and cybersecurity threats - create complexities and trade-offs for businesses operating in international markets. The profound impact of the COVID-19 pandemic on top of these uncertainties has led to a focus on risks, resilience and robustness of trade, value chains and production networks.
- **Calls for economic nationalism, unilateralism, decoupling, and protectionism** are intensified by nation-first approaches to global crisis management. These trends fundamentally impact the international trade and investment system, which in turn reduces economic growth rates. They call into question the effectiveness of global cooperation and governance in times of crisis and erode the rules-based trading system. We should not underestimate the long-term consequences of such negative impacts for our economies and societies.
- **The proliferation of bilateral or regional trade agreements and initiatives**, while positive for those involved, continues to move the needle away from an emphasis on the multilateral trading system and its foundational principle of non-discrimination. This trend exacerbates the risk of economic decoupling, fragmentation and diverging trade norms. Urgent need for multilateral solutions and WTO leadership persists, especially to address global challenges and to ensure that trade benefits all who follow the rules-based system.
- **The rise of industrial policies and subsidies in many sectors** significantly impacts trade. These practices can distort competition, hinder fair market access, and create global trade imbalances. Industrial subsidies, in particular, can disrupt the level playing field and lead to market inefficiencies. Therefore, renewed emphasis is needed to foster transparency, fair competition, and responsible governance to promote a more equitable and sustainable global trading environment.
- **Public expectations for trade** to contribute more visibly to achieving the UN Sustainable Development Goals (SDGs) are increasing. These expectations include addressing global environmental challenges such as climate change, plastics pollution, biodiversity loss, and reducing inequalities both globally and domestically. Many of these challenges are of a global nature and best addressed at multilateral level, where possible. Sustainability is also high on the agenda for business, with companies focusing more on Environment, Social and Governance (ESG) initiatives.
- **Innovation through digitalization and automation** continues to change the way global value chains, supply chains and production networks are organized. This trend enables efficiency gains, resilience, and opens up new opportunities for economically-viable business models, including for SMEs, in industrialized countries and beyond. Therefore, policy-makers must better harness the essential role digital trade plays in the smooth functioning of modern-day supply chains, while at the same time protecting confidential business and commercially sensitive information.

In light of multiple challenges and opportunities, those who actually trade – our businesses – have priorities that urgently need to be addressed by the OECD and governments. This paper identifies five strategic business priorities, and provides recommendations for the future OECD trade agenda to:

- **Foster Rules-Based, Robust, Resilient Trade,**
- **Strengthen the Foundations of Open Markets,**
- **Advance Trade Rules for an Innovative, Digital Economy,**
- **Level the Playing Field,**
- **Secure Public Support for Open Markets.**

We call on the OECD Trade Committee to take a leadership role to effectively address these priorities in the upcoming biennial work program. As appropriate, this should be done in consultation with other OECD bodies, representing different government ministries.

Business at OECD also believes that addressing these challenges and maximizing opportunities can only be achieved if the OECD, governments, and business work closely together. Therefore, we stand ready to deepen our collaboration with the OECD Trade Committee in a continued, constructive and committed manner, representing the voice of the OECD private sector in these debates.

However, we unfortunately note an increasing number of important strategic trade policy discussions behind closed doors, without stakeholder involvement. We wish to underline that the OECD and governments must not lose sight of the central role of business for international trade. In our market-based economies, governments should work closely with the private sector to build and reinforce rules-based, robust and resilient trade, but should not attempt to interfere in or control supply chains. Following the approaches of state-led models is not the answer.

Instead, we must once again showcase that individual initiative, private entrepreneurship and business-to-government dialogue provide our citizens with opportunity and enduring prosperity worthy of imitation. With this, our common values can also earn the goodwill of societies in non-likeminded countries.

Therefore, in the coming biennium we count on the OECD and Trade Ministries to focus on “what business actually needs” rather than “what business should be required to do”. This is the only way for our market-based democracies to bolster up international competition and competitiveness at the same time.

Overall, we must not forget that enabling our companies to trade better, will eventually allow our societies to live better.



5 Strategic
**Business Priorities and
Recommendations**
for the
OECD Trade Agenda

Foster Robust, Rules-Based, Resilient Trade



Key Recommendations

- The OECD and Governments should **support WTO reform** by effectively emphasizing the benefits of open markets. To this end, the Organization can contribute whole-of-government recommendations to WTO negotiations, pinpoint the effective implementation and enforcement of existing multilateral trade rules, identify improvements to its dispute settlement system and enhance its advisory role to help shape the strategic direction of the WTO, as well as other trade-relevant international organizations. Based on shared values, like-minded OECD member countries should speak with one voice at the WTO and other fora facilitating international economic cooperation. To provide impetus to multilateral rule-making, plurilateral initiatives remain vital.
- The OECD should continue to underline that **more regional diversification** - and not less - increases the scope for businesses to cushion supply chain shocks, particularly those that originate domestically. To this end, the Organization should have a more powerful voice to ensure that trade agreements and initiatives are negotiated and ratified in a timely manner with different regions of the world - and especially among its likeminded member countries. More OECD analytical work can help reduce dependencies, foster investment in alternative trade infrastructures, and reduce the heterogeneity of technical standards.
- As international business is confronted with evermore frequent global, regional and local risks, the OECD should strengthen its **cross-cutting foresight function** to better mitigate supply chain shocks, enable countries to pool their expertise, and promote better international collaboration in times of crisis. For governments, it must be a priority to foster stable, predictable, and transparent policy environments that allow forward-looking company planning and operations management. The OECD can help ensure national security exceptions are narrowly focused and based on well-defined criteria.

Reinforcing Multilateralism through WTO Reform

"Business needs a more robust, reliable, respected multilateral trading system. Reforming the WTO can lead the world of trade to a stronger, fairer, more sustainable tomorrow."

What Business Needs

The OECD business community is deeply concerned about the state of multilateralism, as the rules impacting global trade and investment need to adapt. Governments must not lose sight of the benefits of multilateralism, which remain indispensable to address challenges that no country can solve on its own. Therefore, it is critical to advance WTO reform, strengthen the Secretariat's capacity for initiative, advance efficient rule-making, ensure stricter monitoring and notification processes, and reform dispute settlement. As the voice of those who engage in trade should effectively guide the WTO, and a more formal role for business and other stakeholders is needed.

What Role for the OECD

The OECD should support WTO reform by effectively emphasizing the benefits of open markets, contributing whole-of-government recommendations to WTO negotiations, pinpointing the effective implementation and enforcement of WTO rules, and enhancing its advisory role to help shape the strategic direction of the WTO, as well as other trade-relevant international organizations. In this regard, based on shared values, like-minded OECD member countries should speak with one voice when possible. To provide impetus to multilateral rule-making, plurilateral initiatives are vital.

Recommendations for Future OECD Work

- **Emphasize that open, fair, multilateral trade matters more than ever, and reinforce the WTO's core principles of non-discrimination and national treatment.**

The OECD should adopt a clear narrative that multilateral trade is a remedy to the “cost-of-living crisis”, is indispensable to foster climate action globally, and underpins global security.

- **Support the modernization of the multilateral WTO rule book to better reflect the 21st Century realities of businesses.**

The OECD should provide analysis geared towards WTO negotiations, such as on e-commerce and digital trade. The Subsidies and Countervailing Measures (SCM) Agreement requires reform aligned with the proposal of the US, EU and Japanese Trilateral Initiative.

- **Pinpoint the effective implementation and enforcement of WTO rules by all countries.**

OECD focus in this regard should be on Trade Facilitation (TFA) Sanitary and Phytosanitary Measures (SPS), and Technical Barriers for Trade (TBT). The OECD should also assess efficacy of key WTO and RTA provisions that address non-tariff barriers (NTBs).

- **Support plurilateral efforts and dynamic progress in selected WTO Joint Statement Initiatives (JSIs), encouraging OECD member countries to join and make progress.**

OECD should support dynamic progress in the JSIs on domestic services regulation, e-commerce, trade and gender, and Micro, Small and Medium Enterprises (MSMEs).

- **Investigate the development and economic impacts of favorable WTO rights granted under special and differential treatment (SDT).**

SDT should ensure real benefits for low-income countries. Developing country status should not be misused by powerful economies to derive a national competitive advantage.

- **Promote resolution of trade disputes through appropriate dispute settlement bodies and mechanisms at the multilateral, plurilateral, and bilateral level.**

The OECD should work to ensure that disagreements between member countries regarding international taxation efforts are resolved equitably, avoid tariff exchanges that harm consumers, and provide certainty essential for effective longer-term business planning.

Building Supply Chain Resilience, Driving Diversification

"To build more resilient and sustainable supply chains, the OECD must promote policy solutions that support better diversification and investment in trade infrastructure."

What Business Needs

Our companies see it as a priority to better anticipate, earlier prepare and faster adapt their operations to ensure more resilient supply chains. As the needs and risk profiles for each economic sector and even individual companies are different, it is clear that supply chain resilience cannot take a uniform, top-down and politically driven approach. In our market-based economies, governments should work closely with the private sector to enable more resilience but should not attempt to control supply chains. In this context, we are highly concerned about calls for policies to re-shore global value chains, localize production and decouple our economies.

What Role for the OECD

The OECD should continue to underline that more regional diversification – and not less – increases the scope for businesses to cushion supply chain shocks, particularly those that may originate domestically. To this end, the Organization should have a more powerful voice to encourage timely negotiation and ratification of trade agreements in different regions of the world – and especially among its likeminded membership. More analytical work can help reduce dependencies, foster investment in alternative trade infrastructures, promote interoperability and avoid fragmentation of rules and reduce unnecessary non-tariff measures.

Recommendations for Future OECD Work

- **Work with business to reduce dependencies and promote policy solutions that enable better diversification.**

The OECD, governments and business should collaborate to define, identify and reduce excessive dependencies in selected sectors. This should be done by supporting diversification through greater trade openness, and creating an environment that enables strategic sourcing, diversified manufacturing, and alternative supplier networks.

- **Encourage investment in trade infrastructures, including transport, logistics, and digital infrastructure.**

Many OECD economies face chronic underinvestment in aging trade infrastructure. The OECD should promote increased investment in logistics, transport, and digital infrastructure to enhance diversification and supply chain resilience. Climate-resilient, low-emission investments can benefit trade and sustainability. Recognizing the critical role of Foreign Direct Investment (FDI), the OECD should advocate for international agreements with robust protections, instilling confidence in cross-border investment, especially in unstable regions.

- **Reduce heterogeneity of technical standards and unnecessary non-tariff measures.**

OECD work should help streamline domestic regulations, such as authorizations, certifications, and licenses, and enhance efficiency without compromising safety standards. Promoting regulatory dialogue and convergence based on scientific evidence can minimize trade barriers. Policies causing digital market fragmentation can harm GVC resiliency and international trade without ensuring interconnection or interoperability.

- **Facilitate procedures and ensure transparency at the border.**

Enhanced efforts are needed to ensure the smooth flow of goods, especially during crises. This involves promoting border transparency, improving procedures, and swiftly implementing emergency green lanes. Providing clear, coherent, and timely guidance for business in a rapidly evolving policy environment is crucial. Leveraging digital technologies to protect sensitive information can boost customs and border efficiency, with lessons from the pandemic response carried forward.

Addressing Risks for Supply Chain Disruptions

“Supply chains operate in an increasingly uncertain environment. Working with business, governments should ramp up their foresight, mitigate supply chain risks, and avoid arbitrary use of national security.”

What Business Needs

Global supply chains are confronted with evermore frequent global, regional and local risks - including those stemming from pandemics, security threats, natural disasters as well as escalating trade tensions and protectionism. Successful international collaboration should proactively anticipate major challenges, instead of firefighting crises. Better public-private collaboration – as well as consultation on proposed regulatory changes, with appropriate timelines for review and comment – can be instrumental to foster a culture of foresight and preparedness, and mitigate the often-detrimental impacts of reactive measures. A more predictable regulatory, trade and investment policy environment is essential to alleviate uncertainty about the framework conditions in which global supply chains operate.

What Role for the OECD

The OECD should strengthen its cross-cutting foresight function to better mitigate global supply chain risks, enable countries to pool their expertise to tackle complex cross-border challenges, and promote better international collaboration in times of crisis. For governments, it should be a priority to foster stable, predictable, and transparent policy environments that allow forward-looking company planning and operations management. The OECD can help ensure national security exceptions are narrowly focused and based on well-defined criteria.

Recommendations for Future OECD Work

- **Identify and assess the most significant global supply chain risks and developments, providing recommendations for international preparedness and effective responses.**

OECD work should provide the basis for more forward-looking, informed and timely policy choices. More transparency, including through early availability and access to reliable public information and contingency plans can help business forecast developments.

- **Review progress made since the Covid-19 pandemic to advance international collaboration to avoid supply chain disruptions in times of crisis.**

Five years after the Covid-19 Pandemic outbreak, it will be timely for the OECD to take stock of progress made and the need for further action to mitigate supply chain risks of future health emergencies.

- **Avoid arbitrary use of national security goals as a pretext for protectionist policies.**

OECD work should support countries' design and implementation of policies that allow them to achieve national security goals, without impacting free trade and investment in a detrimental way. The impact of national security concerns on the bulk of trade flows should be kept to a minimum, as most trade does not present any security risks. The OECD should work toward a common understanding of essential industries and critical infrastructure, and help ensure national security exceptions are narrowly focused and based on well-defined criteria. OECD work can also explore the role of security of supply agreements.



Strengthen the Foundations of Open Markets

Key Recommendations

- Open trade and investment are a remedy to the current “cost-of-living crisis”, and OECD work must remain instrumental for **eliminating tariff and non-tariff barriers**. To ensure that trade restrictive measures are minimized, all measures should be grounded in science and evidence-based, be proportionate and justified. Governments should continue to invest in OECD monitoring and analysis on trade liberalization and its underlying tools as appropriate. OECD analysis should emphasize that trade liberalization can also benefit our societies by advancing important policy objectives, such as in the areas of health, sustainability, and food security.
- Building on the *Trade Facilitation Indicators* (TFIs), the OECD should continue its outreach efforts to help countries prioritize reform areas and support capacity building for **trade facilitation**. More than five years after the entry into force of the *WTO Trade Facilitation Agreement* (TFA), an OECD review of the effectiveness of its implementation on the ground will be timely. In the context of sustainable trade, the OECD should also explore how trade facilitation can advance resource efficiency and a more circular economy. Therefore, the Trade Committee should take a more active role to ensure effective implementation of the legally binding *OECD Decision on the Control of Transboundary Movements of Wastes Destined for Recovery Operations*. The OECD should also explore the positive role that trade facilitation can play in the fight against illicit trade.
- To promote the **recognition and deployment of international standards and regulations** and to advance good regulatory practices built on facts and evidence, the OECD should facilitate more integrated discussions between trade negotiators and regulators in relevant domains, including on health and safety, finance, development and privacy and security. In this context, we emphasize that further technological fragmentation in the digital ecosystem entails significant risks. The development and adoption of common standards can be a vital instrument to foster interoperability and to open strategic value chains in favor of a diverse and innovative ecosystem.
- The OECD should work to inspire collaboration and global action in support of a sustainable future. Liberalizing trade provides an essential opportunity to foster the **development, deployment and diffusion of environmental goods and services**. At the same time, it is paramount that sustainability initiatives are implemented in a complementary manner with existing trade relationships and the rules-based multilateral order - including with regards to measures to avoid carbon leakage. These challenges, which are of a global nature, are best addressed at multilateral level, where possible.

Eliminating Tariff and Non-Tariff Barriers

“Open trade and investment are a remedy to the current cost-of-living crisis. International competition is proven to increase choice and reduce prices for consumers.”

What Business Needs

As the OECD 60th Anniversary Vision Statement commits to open markets, OECD governments should walk-the-talk as a likeminded community and promote the widest degree of liberalization and market access. Trade agreements should be negotiated and ratified in a timely manner, in consultation with business and the private sector. We remain concerned that governments threaten to impose unilateral and retaliatory tariffs on goods in response to “unfair trade practices.” We reject arguments that bilateral trade deficits are inherently negative and that they serve as a measuring stick for evaluating trade relations. Unilateral action provokes reciprocity and puts at risk the market opening gains of the rules-based trading system. It must be avoided particularly by like-minded countries.

What Role for the OECD

The OECD’s work must remain instrumental for eliminating tariff and non-tariff barriers. To avoid unnecessary barriers to trade, the Organization should underline that any restrictive measures must be evidence-based, proportionate and justified. Governments should continue to invest in OECD monitoring and analysis on trade liberalization and its underlying tools as appropriate. OECD analysis should emphasize that trade liberalization can also benefit our societies by advancing important policy objectives, such as in the areas of health and safety, sustainability and food security.

Recommendations for Future OECD Work

- **To bring down prices, underline the need to roll back existing export restrictions, and encourage new bilateral, plurilateral and - above all - multilateral trade agreements.**

Trade agreements should achieve deeper commitments and improved rules for trade, address the challenges of tomorrow and be able to accommodate the rapid pace of developing technologies. Implementation and enforcement of agreements must be ensured.

- **Emphasize that removing barriers for climate friendly goods and services should be a first step when applying trade instruments to foster climate objectives.**

Trade liberalization is a natural tool to ensure our limited resources can be used in an efficient manner, thereby minimizing impacts on the environment. In this context, a number of sectors with low carbon and environmental solutions should be included in the scope of liberalization efforts.

- **Provide evidence to revitalize WTO work on Technical Barriers to Trade (TBT) and fully implement the TBT and Sanitary and Phytosanitary Measures (SPS) Agreements.**

This effort will lead to greater predictability, reduced trade costs, and increased consumer trust, ultimately promoting fair and efficient global commerce.

- **Underline the effects of non-tariff barriers (NTBs) - such as those related to standards and conformity assessment.**

NTBs can have profound impacts on the environment and the equity, health, and safety of consumers and workers. This is particularly true among the world's most vulnerable populations. When designing market access requirements, regulators should take a risk-based approach that considers the impacts on public health, safety, security, environment, illicit trade, and privacy, and the impact non-compliance will have on society at large.

Facilitating the Flow of Goods and Services at the Border

“Streamlining, modernizing and harmonizing procedures at the border enables business to build resilient and sustainable supply chains.”

What Business Needs

Efficient customs procedures, harmonized regulations, and application of appropriate technologies and thoughtful digitalization can expedite the movement of goods and services across borders. At the same time, compliance with safety, security, and quality standards, and the protection of confidential and commercially sensitive business information needs to be ensured. Trade facilitation should not only reduce costly delays and administrative burden, but also foster a climate of trust among trading partners, and enable greener customs environments and supply chains.

What Role for the OECD

Building on the *Trade Facilitation Indicators* (TFIs), the OECD should continue its outreach efforts to help countries prioritize reform areas for trade facilitation. More than five years after the entry into force of the *WTO Trade Facilitation Agreement* (TFA), an OECD review of the effectiveness of its implementation on the ground will be timely. To foster sustainable trade, the OECD should explore how trade facilitation can advance resource efficiency and a more circular economy. Therefore, the Trade Committee should take a more active role to ensure effective implementation of the *OECD Decision on the Control of Transboundary Movements of Wastes Destined for Recovery Operations*.

Recommendations for Future OECD Work

- **Analyze the implementation of the WTO Agreement on Trade Facilitation (TFA) and strengthen outreach efforts to help countries prioritize reform areas.**

We encourage the OECD to disseminate best practices on customs and border procedures and global industry-led standards that have been successful in facilitating trade flows, including the single window tool. To motivate full and robust TFA implementation, the OECD should provide updated estimates of the time and cost savings from ongoing reforms, and best practices that underpin the Articles of the Agreement.

- **Assess the advancements and setbacks to trade facilitation during the COVID-19 crisis and build on progress achieved, including greater deployment of digital technologies.**

OECD analysis and best-practice sharing should encourage greater deployment of digital technologies and standardized paperless procedures, like the *UN Model Law on Electronic Transferable Records* (MLETR). As we promote digitalization in the border environment, a focus must be maintained on the protection of CBI and commercially sensitive information.

- **Highlight regulatory policies that facilitate trusted cross-border movement of products and materials at the repair, reuse, remanufacturing and recycling stages.**

OECD work should promote policies that facilitate trusted cross-border movement of materials and products - such as returns, takebacks, and remanufactured, refurbished, and like-new products, noting that these terms can and do carry differing definitions for different sectors - by upgrading custom processes and procedures, and with a view to updating the *Harmonized System*. The discussion of technical matters and their application (e.g., rules of origin and origin determinations, customs valuation approaches, application of import restrictions or prohibitions) are indispensable to create scalable circular economy activities.

- **Ensure that the OECD Decision on the Control of Transboundary Movements of Wastes Destined for Recovery Operations delivers against its objectives, is implemented and can be used by the private sector to its full potential.**

The OECD Decision may facilitate transboundary movements of recoverable wastes between OECD member countries. However, it suffers from many operational challenges, exceedingly long timelines for authority responses, and a lack of digitization. We therefore call on the OECD Trade Committee to take the steps required to strengthen its effective implementation.

Aligning Trade and International Regulatory Policies

“International regulatory coherence promotes government objectives – including on health, financial stability, privacy and security. Acting in isolation is no longer an option.”

What Business Needs

The proliferation of excessive national standards and regulations does not only result in duplicative, conflicting, and cumbersome regulations, but also reduces supply chain resilience. Ever-increasing international regulatory fragmentation costs business and governments time and money, leads to trade barriers, and disproportionately affects the backbone of our economies: SMEs. To fully achieve public policy objectives, governments need to facilitate inclusive stakeholder consultation, ensure consistency with international standards, and promote better international coordination mechanisms.

What Role for the OECD

To promote the recognition and deployment of international standards, good regulations and practices based on science, facts and evidence, the OECD should facilitate more integrated discussions between trade negotiators and regulators in relevant domains, including on health, finance, and privacy and security. In this context, we emphasize that further technological fragmentation in the digital ecosystem entails significant risks. The development and adoption of common standards can be a vital instrument to foster interoperability and to open strategic value chains in favour of a diverse and innovative ecosystem.

Recommendations for Future OECD Work

- **Facilitate integrated discussions between trade negotiators, regulators, and the private sector in relevant domains to foster international regulatory coherence.**

The Trade Committee should work closer with other OECD bodies, including the Regulatory Policy Committee, as well as relevant international organizations to promote the recognition and deployment of international standards and regulations, advance good regulatory based on science, facts and evidence, and promote policy recommendations are not more trade restrictive than necessary for the achievement of their policy objectives, in line with WTO principles.

- **Analyze the trade and investment costs of trade-restrictive regulations, including in selected sectors, and promote strategies towards regulatory harmonization.**

A survey by *Business at OECD* (BIAC) and the *International Federation of Accountants* (IFAC) found that inconsistencies in regulation between different jurisdictions costs financial institutions between 5% and 10% of annual revenue turnover. This exacerbates risks in the financial system, as over 51% of financial institutions indicate this leads to lower resources for risk management activities. The impact of trade-restrictive regulations on illicit trade should be more thoroughly assessed and showcased.

- **Investigate the amount of traded goods breaching local product requirements and develop policies and mechanisms that enable authorities to enforce product safety regulations across borders.**

Implementation and enforcement of agreements must be ensured, including with regards to product safety regulations.

Boosting Environmental Action through Trade

“The key to success lies in addressing environmental challenges as a market opportunity, rather than an expensive problem. International trade policy is decisive in this regard.”

What Business Needs

The private sector is committed to urgently address the global triple challenge of climate change, biodiversity loss and resource efficiency – noting that global materials use is projected to double by 2060, and demand for energy will increase and not decrease. It must be clear that companies need viable business cases to mobilize investment at the scale and scope necessary to make meaningful progress in the green transition. Much closer collaboration between trade policy makers, environmental regulators and business is needed to design coherent policies that are sustainable, economically efficient, and environmentally effective.

What Role for the OECD

The OECD should work to inspire collaboration and global action in support of a sustainable future. Liberalizing trade provides an essential opportunity to foster the development, deployment and diffusion of environmental goods and services. At the same time, it is paramount that sustainability initiatives are implemented in a complementary manner with existing trade relationships and the rules-based multilateral order – including with regards to measures to avoid carbon leakage. These challenges, which are of a global nature, are best addressed at multilateral level, where possible.

Recommendations for Future OECD Work

- **Promote efforts to revitalize negotiations to liberalize trade in environmental and low-carbon goods and services, especially at the multilateral level.**

Many environmental challenges are global, and no country can solve them on its own. To foster the development, diffusion and deployment of climate solutions, the OECD should step up its efforts to build momentum towards liberalizing trade in environmental and low-carbon goods and services.

- **Disseminate analysis on the relationship of trade and environmental policies to ensure policy coherence, including on border carbon adjustments.**

Common evidence on the technical design, the economic impacts, and the environmental effectiveness of measures at the interface of trade and environment policy are critical prerequisites to avoid illegitimate, arbitrary or unjustifiable discrimination, and ensure compliance with existing international agreements.

- **Caution against policies that “pick winners” in the competition between alternative environmental solutions and avoid discrimination.**

We call on the OECD to underline the need for an inclusive, flexible, and technologically-neutral approach in the climate transition. Support should be provided for general-purpose technologies to the extent possible, and a diverse portfolio of technologies with environmental benefits. Non-discrimination should be ensured.

- **Encourage coherent and meaningful international emissions measurement and disclosure and inform discussions on eliminating non-tariff barriers in this regard.**

Expectations for measuring and reporting emissions of companies and products are proliferating, but approaches for doing so are diverging. This divergence will be increasingly relevant in the context of trade policy discussions including on market access, border carbon adjustments (BCAs) and non-tariff barriers. The OECD can provide recommendations on how to ensure environmental goods and services are verifiably safe and effective to inform discussions on eliminating non-tariff barriers to those products.



Advance Innovation, Digital Trade, and Data Flows

Key Recommendations

- OECD **work on digital trade** should remain instrumental to enshrine digital market openness principles, secure a permanent moratorium on the application of customs duties on electronic transmissions, promote the non-application of customs processes and procedures to electronic transmissions, and provide strong impetus to ongoing and new WTO efforts related to digital trade. Regular OECD exchanges between trade negotiators and regulators should help ensure that regulation is not more trade restrictive than necessary. OECD cross-cutting work and instruments for relevant digital policy such as data governance and security will be important to facilitate trusted digital trade.
- The OECD should contribute further evidence on the **benefits of services trade** liberalization and international mobility, its potential to address the urgent issue of labor shortages in OECD countries, and the growing role of services inputs in manufacturing exports. Building on the excellent work of the Services Trade Restrictiveness Indicators (STRI), further OECD work should help reduce regulatory barriers to services trade. Overall, the OECD should support the development of a plurilateral set of rules to make domestic regulations in services more transparent and impartial.
- The OECD should initiate new work on the **trade effects of weak IP rights** enforcement, and on policies which prevent new technologies from entering the marketplace. As business remains concerned about measures that force technology transfer, the OECD should aim to quantify the negative impacts of policies that jeopardize business control over proprietary technologies, and work to strengthen rules that discipline such measures.

Harnessing the Opportunities of Digital Trade

“Business needs state-of-the-art digital trade policies. These should promote non-discrimination, strengthen transparency, facilitate interoperability, leverage international standards, and avoid unnecessary trade restrictions.”

What Business Needs

Business increasingly relies on digital and digitally-enabled technologies, transactions and trade in support of more efficient and resilient operations. However, while digital markets are global, regulation remains largely national or regional, and challenges arise in finding ways to enable data to move across borders with trust. Without this trust and increased international collaboration, the benefits of digital trade cannot fully materialize.

What Role for the OECD

OECD work on digital trade should remain instrumental to enshrine digital market openness principles, secure a permanent moratorium on the application of customs duties on electronic transmissions, promote the non-application of customs processes and procedures to electronic transmissions, and provide strong impetus to ongoing and new WTO efforts related to digital trade. Regular OECD exchanges between trade negotiators and regulators should help ensure that regulation is not more trade restrictive than necessary. OECD cross-cutting work and instruments for relevant digital policy such as data governance and security will be important to facilitate trusted digital trade.

Recommendations for Future OECD Work

- **Continue to urge OECD member and partner countries to lead at the WTO to secure a permanent moratorium on the application of customs duties on electronic transmissions.**

It is vital that the OECD's endeavors continue to substantiate discussions on the Moratorium through outreach and provision of data, facts, and insight regarding the costs of imposing duties on electronic transmissions. Further OECD work can make recommendations on how emerging economies can attract capital flows without fragmenting the digital trade ecosystem.

- **Highlight the benefits of cross-border data flows and negative effects of data localization measures, including for the development of emerging economies.**

OECD work should continue to underline that data flow restrictions and forced localization measures increase cyber risks, foster inefficient operations, reduce customer welfare and create an un-level playing field. OECD work should promote a global agreement on the use, processing, and storage of data, which can help generate legal certainty for companies, protect personal data rights, and enable interoperability between different data regimes.

- **Support the conclusion and a high-standard outcome of the WTO e-commerce negotiations, building trusted data flows and avoiding data localization.**

Business supports plurilateral WTO negotiations on trade-related aspects of e-commerce and we look forward to progress in international policy discussions, including on data flow and electronic commerce under the Osaka Track. The e-commerce negotiations should take a wider look at the digital economy beyond "e-commerce" and define a framework for embracing the whole digital ecosystem, bridging different regulatory traditions.

Promoting Services Trade and International Mobility

“OECD companies need to bridge gaps in many services sectors - healthcare, education, tourism and others. Services trade and international mobility can unlock the flow of needed expertise and skills across borders.”

What Business Needs

As services generate more than two-thirds of GDP, a strong services trade agenda is needed to foster economic opportunity and innovation. As many OECD countries face significant and increasing labor shortages, services trade can contribute more flexible solutions to leverage talent from different parts of the world, allowing OECD business to better tap into foreign talent pools especially where labor gaps exist. We encourage the OECD and governments to advance progress on 21st century standards for the full range of services trade.

What Role for the OECD

The OECD should contribute further evidence on the benefits of services trade liberalization and international mobility, its potential to address the urgent issue of labor shortages in OECD countries, and the growing role of services inputs in manufacturing exports. Building on the excellent work of the *Services Trade Restrictiveness Indicators* (STRI), further OECD work should help reduce regulatory barriers to services trade. Overall, the OECD should support the development of a plurilateral set of rules to make domestic regulations in services more transparent and impartial.

Recommendations for Future OECD Work

- **Highlight how the liberalization of services trade and international mobility can help address the urgent issue of labor shortages in OECD countries.**

Services trade liberalization should serve as a strategic solution in tackling labor shortages across several OECD countries. By facilitating the cross-border movement of skilled professionals, including through temporary labor provisions, services trade can fill gaps in sectors such as healthcare, technology, and education. Moreover, services trade can expedite the transfer of expertise and foster partnerships in training and skill development.

- **Underline the growing role of services inputs in manufacturing exports, and analyze the economic impact for exporters (of goods) and trade flows.**

Services have become integral to various stages of the manufacturing process - from design and production to distribution and customer support. OECD work should underline the role of increasingly important role of services inputs in manufacturing, and the impacts this has on trade flows.

- **Broaden the OECD Services Trade Restrictiveness Index (STRI) and analytical work to include more non-OECD economies and sectors.**

The excellent OECD work on the STRI, including the green STRI, should be continued and expanded to incorporate additional economies and services sectors into the index. This should be instrumental to identify specific barriers and limitations that may hinder the flow of services trade, helping governments formulate targeted policies for services trade liberalization.

- **Support the development of a plurilateral set of rules to make domestic regulations in services more transparent and impartial, thus reducing the burden of compliance.**

Such work should cover qualification requirements and procedures, technical standards, restrictions on licensing requirements and procedures, and others.

Securing Intellectual Property Worldwide

“A robust intellectual property system enables business to provide solutions for existing and future challenges. High IP standards, non-discriminatory implementation, and fair value for returns should be respected.”

What Business Needs

A robust intellectual property (IP) system enables the innovation needed to solve existing and future challenges - including pandemics - and underpins an innovation ecosystem critical to achieving the 2030 sustainable development goals. We are concerned that governments are increasingly implementing policies that undermine IP, harming innovation and preventing new technologies from entering the marketplace. The liberal use of compulsory licenses, restricting patentability criteria, and the lack of regulatory data protection can erode IP protections, create a chilling effect on innovation, and negatively affect trade and investment. High standards of IP protection including those found under the *WTO Agreement on Trade-Related Aspects of Intellectual Property* (TRIPS) should be safeguarded, including through non-discriminatory implementation and enforcement. Fair value for returns from IP rights should be respected.

What Role for the OECD

The OECD should initiate new work on the trade effects of weak IP rights enforcement, and on policies which prevent new technologies from entering the marketplace. As business remains concerned about erosion of IP protections under the TRIPS Agreement and other measures that force technology transfer, the OECD should aim to quantify the negative impacts of policies that jeopardize business control over proprietary technologies, and work to strengthen rules that discipline such measures.

Recommendations for Future OECD Work

- **Securing**
- **Intellectual Property Worldwide**

The OECD should significantly scale up its work to promote policies that eliminate barriers preventing the smooth entry of novel technologies into the markets globally. Further, we are concerned about lax enforcement of IP rights, including with respect to blueprints, source code, and audio-visual piracy. The OECD should investigate the trade repercussions stemming from insufficient enforcement of IP rights with a view to strengthen non-discriminatory protection of IP rights, and compliance with TRIPS commitments.

- **Quantify the negative impacts of policies that jeopardize business control over proprietary technologies, and work to strengthen rules that discipline such measures.**

We remain concerned about measures that force technology transfer, including by restricting market access or making transfers a prerequisite to obtain investment approval or contracts for public procurement. It is important that government procedures in the context of business registration, certification, and approval do not unnecessarily request commercially sensitive and/or business confidential proprietary information or require source code disclosures - whether formally or informally. There is a need to bolster rules that govern such measures.



Level the Playing Field

Key Recommendations

- The OECD should guide member and partner countries to adopt economic **support measures** that are designed in a targeted, non-discriminatory, proportionate, transparent, and temporary manner - ideally with sunset clauses and clear "exit strategies". The OECD should also continue to foster transparency of market-distorting support measures in selected value chains to help inform a significant overhaul of the WTO Agreement on Subsidies and Countervailing Measures.
- To ensure transparency, disclosure, and **competitive neutrality of state-owned enterprises** (SOEs), the Trade Committee should engage in cross-Committee efforts and analyze trade implications of preferential treatment to SOEs in OECD member and non-member countries. An update of the 2016 OECD study on SOEs as Global Competitors would therefore be timely. The Trade Committee should also take a more active role to help spread OECD good practices and principles on SOEs beyond the Organization's current membership.
- The **OECD Arrangement on Officially Supported Export Credits**, introduced in 1978, is facing important limitations. Hence, the modernization of the OECD Arrangement should further consider the complexity of loan life cycles, the macroeconomic and geopolitical, and increase its flexibility to make sustainable projects more attractive to buyers.
- The OECD should provide new insights on the **impact of restrictive government procurement policies** on public expenditures and international trade flows, and provide tangible recommendations to safeguard non-discrimination of foreign bidders. The Organization's work should encourage uptake of the WTO GPA and support further negotiations of bilateral trade agreements with substantial chapters on public procurement.

Leveling the Playing Field for Government Support

“Market-distorting government support measures must not skew the playing field in the long-run. To this end, we need to increase transparency, ensure accountability, and eliminate distortions.”

What Business Needs

As governments around the world are providing extraordinary amounts of support to their economies – often for a good reason – it is important to ensure that such measures do not unlevel the playing field in the long-run. The OECD private sector remains seriously concerned that several industrial sectors have been disturbed by unfair competition for years – largely by market-distorting support from state capitalist governments. Regarding a smooth transition to more sustainable business models, both OECD and non-OECD countries need a sound policy framework to prevent countries from locking into development paths that could be difficult to change. Designing such framework requires an inclusive and open dialogue among countries on pathways to help their energy and industrial sectors embrace the new development paradigm. Such dialogue should ensure that national industrial strategies are mutually aligned and reinforce global climate action.

What Role for the OECD

The OECD should guide member and partner countries to adopt economic support measures that are designed in a targeted, non-discriminatory, proportionate, transparent, and temporary manner – ideally with sunset clauses and clear “exit strategies”. The OECD should also continue to foster transparency of market-distorting support measures in selected value chains to help inform a significant overhaul of the WTO Agreement on Subsidies and Countervailing Measures.

Recommendations for Future OECD Work

- **Increase transparency to better identify various distortive government support measures in selected value chains.**

The variety of industrial policy tools employed to convey competitive advantages expands far beyond traditional tariff and non-tariff measures. The private sector stands ready to contribute on the ground insights from operating in markets, including in competition with business from non-OECD countries.

- **Promote reform of the Subsidies and Countervailing Measures (SCM) Agreement, taking into consideration the Trilateral Initiative proposal.**

As the agreement's implementation revealed several gaps and ambiguities that do not allow it to pinpoint and target distortive subsidies wherever they occur, the SCM Agreement requires a significant overhaul and reform drawing on the reform proposal of the Trilateral Initiative.

- **Continue leadership on excess capacity in industrial sectors to address trade, climate change and sustainability issues.**

In selected industrial sectors, growth-at-any-cost policies should be abandoned to prevent excess capacities, giving way to more long-term and global approaches that factor in global capacities development and output. Both, OECD and non-OECD countries need a sound policy framework to ensure a smooth transition to more sustainable business models.

- **Work across OECD Committees to encourage effective industrial policy frameworks that minimize trade and investment distortions.**

The OECD Trade Committee should take the lead across OECD bodies to ensure that the range of industrial policy instruments is not misused to protect inefficient local industries or convey an undue national competitive advantage.

Eliminating Advantages to State-Owned Enterprises

“No economic entity should be advantaged or disadvantaged because of its ownership, location, or legal form. Just like any business, SOEs should act consistent with national and international regulations and commitments.”

What Business Needs

While no economic entity should be advantaged or disadvantaged because of its ownership, location, or legal form, preferential treatment for state-owned enterprises (SOEs) is tilting the competitive playing field against the private sector. The growing importance of SOEs as an instrument through which certain countries decisively govern and influence the economy or convey strategic competitive advantages to “national champions”, continues to raise serious concerns about the global level playing field.

What Role for the OECD

To ensure transparency, disclosure and competitive neutrality of SOEs, the Trade Committee should engage in cross-Committee efforts and analyze trade implications of preferential treatment to SOEs in OECD member and non-member countries. An update of the 2016 OECD study on *SOEs as Global Competitors* would therefore be timely. The Trade Committee should also take a more active role to spread OECD good practices and principles on SOEs beyond the Organization’s current membership.

Recommendations for Future OECD Work

- **Provide an updated multidisciplinary account of SOEs in the global marketplace, updating the 2016 OECD study on SOEs as Global Competitors.**

Transparency is a crucial first step for addressing competitive distortions at home, abroad but also in third country markets. The OECD should take stock, highlight recent developments regarding the implications of preferential treatment, and provide evidence-based recommendations on how to address concerns regarding unfair SOE internationalization practices.

- **Help spread OECD good practices and principles on SOEs beyond the Organization's current membership.**

Beyond transparency, we need to ensure that governments also adopt and maintain neutral market rules so that the legal framework is not biased, and that competition is not unduly prevented, restricted or distorted. In this regard, the Trade Committee should collaborate more closely with the Competition Committee and the Corporate Governance Committee to support the implementation of the *2021 OECD Recommendation on Competitive Neutrality*, and the *2023 Guidelines on Corporate Governance of State-Owned Enterprises*.

Making the OECD Export Credits Arrangement 'Fit for Purpose'

"The OECD Arrangement needs to be 'fit for purpose'. This requires a more flexible set of rules to ensure that competition among exporters is based on the quality and price of goods and services - and not on favorable public financial support."

What Business Needs

Besides the increased competition outside OECD rules, product and business model-related evidence from the day-to-day business of exporters makes a strong case for the adaptation of the OECD Consensus towards a more flexible set of rules. First, the (repayment) limitations of the Consensus do not reflect longer life cycles of products and goods missing realistic scenarios concerning their revenues. Second, the repayment terms permitted by the Consensus are outdated compared market practices today. Third, pay-per-use business models and new types of products, such as cloud-based and software solutions or service-based product offerings, are not covered by the current Consensus. Therefore, the export of digital solutions and services should be given greater consideration. Finally, efforts to address climate change should also be reflected in the new OECD Consensus.

What Role for the OECD

The OECD Arrangement on Officially Supported Export Credits, introduced in 1978, is facing important limitations. Hence, the Modernization of the OECD Arrangement which came into force on 15 July 2023 is a positive step further improvements are needed.

Recommendations for Future OECD Work

- **Continue to seek a global level playing field for export credits.**

Ensure a global level playing field for business by making the Arrangement more user-friendly, transparent, predictable, flexible, and consistent framework to consequently enable fair competition with non-OECD Participants.

- **Incentivize climate-friendly and sustainable projects by the provision of export credits.**

The efforts to fight climate change should also be reflected in a new OECD Consensus. The sector understanding should not be limited to renewable energy projects, though many other projects and sectors also contribute to climate change mitigation efforts, e.g. public transportation and electromobility. The agreed extension of the scope of the *Climate Change Sector Understanding* towards climate change adaptation and mitigation projects is positive.

Competing Fairly in Government Procurement

“Government procurement often favors domestic suppliers. Fair international competition can help maximize taxpayers’ value for money, improve the quality of government services, and lead to more efficient use of resources.”

What Business Needs

Public procurement represents about 13% of government spending in OECD countries on average and is an important steering instrument for economic welfare, growth and other policy objectives. To achieve fair competition in government procurement opportunities, processes should treat all suppliers equally and avoid discrimination, provide transparent, objective, relevant, and clearly defined evaluation criteria, and effective legal remedies should be safeguarded.

What Role for the OECD

The OECD should provide new insights on the impact of restrictive government procurement policies on public expenditures and international trade flows, and provide tangible recommendations to safeguard non-discrimination of foreign bidders. The Organization’s work should encourage uptake of the WTO GPA and support further negotiations of bilateral trade agreements with substantial chapters on public procurement.

Recommendations for Future OECD Work

- **Quantify and communicate the impact that restrictive government procurement policies have on public expenditures and international trade flows.**

Such insights can foster better policy choices, ensuring efficient procurement practices that balance domestic priorities with international trade commitments.

- **Reinforce work on government procurement activities and provide tangible recommendations to safeguard non-discrimination of foreign bidders.**

In some countries, very specific public procurement criteria go beyond what is required by domestic laws and regulations and discriminate against foreign business. As “Buy national/local provisions” and reservations of public contracts for local businesses lead to discrimination of foreign bidders, the OECD should encourage the reduction of such provisions. A “single point of contact” with central digital publication of procurement opportunities and access to all relevant information can considerably foster market access.

- **Strengthen effective legal remedies in public procurement and undertake work to examine the importance of mediation and the role of trust.**

The *WTO Government Procurement Agreement* (GPA) contains important legal guarantees concerning transparency, non-discrimination of bidders and effective legal remedies for large public contracts. All major world economies should be parties to and fully bound by the WTO GPA. The OECD should encourage uptake of the WTO GPA and support further negotiations of bilateral trade agreements with substantial chapters on public procurement.



Secure Public Support for Open Markets

Key Recommendations

- The OECD, governments, and the private sector must do a better job in **explaining to the public how trade liberalization benefits citizens** and the economy. To this end, the OECD should lead an “Open Markets = Affordable Lives” campaign emphasizing that open trade and investment are a remedy to the current “cost-of-living crisis”. The OECD should also showcase the role that trade (both imports and exports) play in supporting job creation and SMEs. Future OECD work should further ensure that people have access to up- and reskilling to participate in GVCs and benefit from economic openness. As SMEs are the backbone of our economies and societies, more OECD focus is needed on SME integration in global value chains, so that all can benefit from the opportunities of economic openness.
- Through their global activities, many companies from OECD countries make significant contributions to sustainable development. The OECD Trade Committee should clearly underline that without globally open markets, our companies also cannot promote responsible conduct abroad. In this regard, the Organization should examine the **effects of supply chain due diligence acts**, and underline that our companies need a “stay and improve approach”.
- The OECD should focus on evidence-based research, advanced analytics and public-private partnerships (i.e. OECD-Business at OECD) to assist policymakers map and understand the **market vulnerabilities created and exploited by illicit trade**. Additionally, the OECD should continue converging crime elements into its work on anti-illicit trade and also support continued research, analytical papers and public-private partnerships on counterfeits (e.g., pharmaceuticals, alcohol, or food). Furthermore, the OECD should also support dialogues on anti-illicit trade in other geographies such as APEC, Latin America Sub-Saharan Africa and the Middle East. The OECD should also foster collaboration on this topic - including risk factors and drivers, and measures to fight illicit trade - with other international organisations, such as the IMF, the WTO and UNCTAD.

Making Trade Work for All

“Our societies support economic openness and innovation to solve global challenges. But these have to be accompanied by appropriate domestic policies to prepare people for change.”

What Business Needs

Fair international competition is a powerful engine for societal progress, diversity and gender equality, living standards and alleviating poverty, and addressing global challenges. And the vast majority of people in OECD countries are convinced that they benefit from open international trade. Still, our societies will only support economic openness and innovation to solve global challenges, when these are accompanied by appropriate domestic policies that prepare people for change and allow them to participate.

What Role for the OECD

The OECD, governments, and the private sector must do a better job in explaining to the public how trade liberalization benefits citizens and the economy. To this end, the OECD should lead an “Open Markets = Affordable Lives” campaign emphasizing that open trade and investment are a remedy to the current “cost-of-living crisis”. The OECD should also showcase the role that trade (both imports and exports) play in supporting job creation and SMEs. Future OECD work should further ensure that people have access to up- and reskilling to participate in GVCs and benefit from economic openness. As SMEs are the backbone of our economies and societies, more OECD focus is needed on SME integration in global value chains, so that all can benefit from the opportunities of economic openness.

Recommendations for Future OECD Work

- **Lead an "Open Markets = Affordable Lives" Campaign, emphasizing that open trade and investment are a remedy to the current "cost-of-living crisis".**

The OECD - as well as the private sector - should strive to better explain to the public how open markets benefit citizens as consumers, bring down prices, create and sustain jobs, and strengthen economies as a whole. To counter the populist backlash against international trade and investment, the OECD should seek ways to more effectively communicate existing insights to public audiences and governments, providing easy-to-understand messages, experiences, and concrete facts.

- **Collaborate with other relevant OECD bodies and the ILO to ensure people have access to up- and reskilling to participate in GVCs and the future of work.**

To enable all to participate and reap the benefits from global value chains, the OECD should closely collaborate with the Committee on Employment, Labour and Social Affairs and others to ensure that people can be equipped with better skills and solutions, and better prepare them for the future of work, particularly where gaps and labor shortages exist. While future research might identify measures to ensure trade benefits are more widely shared, the OECD should clearly underline that creating barriers to trade and technology is not the solution.

- **Promote SME participation in global value chains.**

SMEs are the backbone of our economies and societies, and further OECD work should help enable them to better participate in global value chains. To this end, a focus should be on reducing red tape in customs, expanding capacity building programs, and allowing for innovations in payments and wider and easier access to trade financing instruments. The OECD should also promote the importance of digital trade as a driver of inclusion, given its role in allowing SMEs to be "born global".

Enabling Responsible Business Practices Globally

“OECD business is a ‘net exporter’ of responsible practices. Through their global activities, many companies make significant contributions to sustainable development. Every day. On a global scale.”

What Business Needs

The OECD private sector is at the heart of spreading and implementing responsible business conduct standards and stands ready to constructively work with governments to promote and enable responsible practices globally. However, the respective roles of governments and business cannot be blurred when it comes to foreign economic relations: Companies cannot be expected to replace the right domestic policies, state-to-state engagement and effective development policies. Public expectations on business need to be realistic and workable for companies operating on the ground.

What Role for the OECD

Through their global activities, many companies from OECD countries make significant contributions to sustainable development. The OECD Trade Committee should clearly underline that without globally open markets, our companies also cannot promote responsible conduct abroad. In this regard, the Organization should examine the effects of supply chain due diligence acts, and underline that our companies need a “stay and improve approach”.

Recommendations for Future OECD Work

- **Examine the effects of supply chain due diligence acts, and underline that our companies need a “stay and improve approach”.**

Unrealistic, burdensome and rigid due diligence legislation increase the costs and risks for business trading with suppliers in poorer countries with weak institutions. However well-intentioned due diligence obligations may be, they will be counterproductive if they lead to potential disengagement and “cut and run” effects.

- **Showcase the positive contribution of legitimate private sector trade to sustainable development.**

Deeper trading relationships can deliver much more than just economic benefits. Trade can be a powerful engine of sustainable development and act as an agent for sustainable change and contribute to achieving the UN’s *Sustainable Development Goals* (SDGs), by encouraging more sustainable practices worldwide. As companies invest in and export their products all over the world, they also export ambitious standards and help support the spread of positive and responsible practices, in line with the UN SDGs.

- **Promote due diligence efforts on human rights and supply chains to address potential adverse impacts and make systemic economic, environmental, and social progress.**

A globally harmonized and implementable due diligence framework could offer businesses certainty and guidance on standardized transparency and accountability requirements. A harmonized framework would also provide a level playing field and allow for common benchmarks. Such efforts should be aligned with existing international best practices and developed in collaboration with relevant stakeholders, including origin countries.

Countering Illicit Trade

“The key to addressing anti-illicit trade is building strong public-private partnerships that elevate the global fight against illicit trade, counterfeits, and consumer fraud.”

What Business Needs

Illicit trade causes severe harm to our societies and economies and must be addressed: It reduces tax revenues, can cause severe healthcare issues and environmental damage, and puts at risk the existence of many businesses and livelihoods of people. The OECD private sector is committed to urgently take action against illicit trade, which ranges from selling counterfeit goods including through e-commerce to illicit trade via maritime transport and Free Trade Zones (FTZs). To advance this important agenda, the public and private sectors need to cooperate, leverage energies, and collectively work on policy approaches and technological tools that can be easily implemented, are data-driven, results-oriented, and take the complexity of business models into account.

What Role for the OECD

The OECD should focus on evidence-based research, advanced analytics, and public-private partnerships to assist policymakers map and understand the market vulnerabilities created and exploited by illicit trade. Additionally, the OECD should continue converging crime elements into its work on anti-illicit trade and also support continued research, analytical papers and partnerships on counterfeits (e.g., pharmaceuticals, alcohol, or food). Furthermore, the OECD should also support dialogues on anti-illicit trade in other geographies such as Asia, Latin America and the Middle East.

Recommendations for Future OECD Work

- **Strengthen public-private partnerships to address anti-illicit trade.**

To foster the development of effective policies across sectors to counter illicit trade. Public-private partnerships should be instrumental to help both business and governments to comprehend and address the complexities of business models and the large-scale impact that illicit trade poses.

- **Work with critical industries, governments, non-governmental organizations (NGOs), and other key market participants to counter illicit trade and harness innovative solutions such as blockchain, AI, and other technologies.**

In the current context, many illicit goods are sold online and across borders. It is crucial that governments and OECD closely work together with the private sector to craft solutions that can effectively tackle across market places – online and offline.

- **Promote OECD policy workstreams and projects on Countering Illicit Trade to external stakeholders as a trusted source of reference based on partnership.**

The OECD is uniquely positioned to promote a dynamic, coordinated approach amongst countries to counter illicit trade across borders. It is crucial that OECD governments continue to actively support this workstream in partnership with the private sector.

Conclusion

Drawing on the practical experience of a regionally diverse business constituency, this paper outlines *Business at OECD's* priorities and recommendations for the OECD that will have a positive impact and benefit open markets and international trade for our economies and societies.

To this end, OECD governments should ensure the Organization is equipped with adequate resources to deliver a strong open markets agenda that effectively addresses an increasingly long list of real economy concerns. We emphasize that the value of the OECD's evidence-based research and knowledge can only be realized if Governments and policymakers are willing to put the Organization's conclusions into practice, and the necessary investments should also be made into OECD work on trade advocacy, communications and outreach.

In this context, the OECD accession process provides an important opportunity to further broaden the impact of established OECD good practices and standards for the governance of markets. While the case for each country will be different, a thorough assessment of the current economic and legal environment - and particularly the commitment of accession candidates to open markets - should guide accession talks going forward, as well as the ability, capacity, and willingness to fully apply the body of OECD instruments and principles.

With the right policies based on openness, transparency, and agreed rules and standards, *Business at OECD* believes that international trade can once again provide opportunities, prosperity and stability for all regions across the world. We highly value the work of the OECD Trade Committee and the Directorate, which clearly demonstrates the economic benefits of open markets for better productivity and growth.

About Us

Established in 1962, *Business at OECD* (BIAC) is the officially recognized institutional business stakeholder at the OECD. We stand for policies that enable businesses of all sizes to contribute to economic growth, sustainable development, and societal prosperity. Through *Business at OECD*, national business and employers' federations representing over 9 million companies provide perspectives to cutting-edge OECD policy debates that shape market-based economies and impact global governance. Our expertise is enriched by the contributions of a wide range of international sector organizations.

Our Trade Committee Chair

Pat Ivory
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(Ireland)

Our Trade Committee Vice Chairs

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Neste Corporation
(Finland)

Jonas Berggren
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(Italy)

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(United States)

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Eurometaux
(Belgium)

***Business at OECD* Policy Lead**

Dominik Kümmerle
Policy Director
Business at OECD (BIAC)

List of *Business at OECD* National Members

| | |
|----------------|-------------------------------------------------------------------------------|
| Australia | Australian Chamber of Commerce and Industry (ACCI) |
| Austria | Federation of Austrian Industries (IV) |
| Belgium | Federation of Belgian Enterprises (VBO FEB) |
| Canada | Canadian Chamber of Commerce |
| Chile | Confederation of Production and Commerce of Chile (CPC) |
| Colombia | National Business Association of Colombia (ANDI) |
| Costa Rica | Costa Rican Union of Chambers and Associations of the Private Business Sector |
| Costa Rica | Chamber of Industries of Costa Rica (CICR) |
| Czech Republic | Confederation of Industry of the Czech Republic (SP) |
| Denmark | Danish Employers' Confederation (DA) |
| Denmark | Confederation of Danish Industry (DI) |
| Estonia | Estonian Employers' Confederation |
| Finland | Confederation of Finnish Industries (EK) |
| France | Movement of the Enterprises of France (MEDEF) |
| Germany | Confederation of German Employers' Associations (BDA) |
| Germany | Federation of German Industries (BDI) |
| Greece | Hellenic Federation of Enterprises (SEV) |
| Hungary | Confederation of Hungarian Employers and Industrialists (MGYOSZ) |
| Hungary | National Association of Entrepreneurs and Employers (VOSZ) |
| Iceland | Confederation of Icelandic Enterprise (SA) |
| Ireland | Ibec (Irish Business and Employers Confederation) |
| Israel | Manufacturers' Association of Israel (MAI) |
| Italy | The Association of Italian Joint Stock Companies (assonime) |
| Italy | General Confederation of Italian Industry (Confindustria) |
| Italy | Italian Banking Insurance and Finance Federation (FeBAF) |
| Japan | Keidanren (Japan Business Federation) |
| South Korea | Federation of Korean Industries (FKI) |
| Latvia | Employers' Confederation of Latvia (LDDK) |
| Lithuania | Lithuanian Confederation of Industrialists (LPK) |
| Luxembourg | FEDIL - The Voice of Luxembourg's Industry |
| Mexico | Employers Confederation of the Mexican Republic (COPARMEX) |
| Netherlands | Confederation of Netherlands Industry and Employers (VNO NCW) |
| New Zealand | BusinessNZ |
| Norway | Confederation of Norwegian Enterprise (NHO) |
| Portugal | Confederation of Portuguese Business (CIP) |
| Poland | Polish Confederation Lewiatan |
| Slovakia | National Union of Employers (NUE) |
| Slovenia | Association of Employers of Slovenia (ZDS) |
| Spain | Confederation of Employers and Industries of Spain (CEOE) |
| Sweden | Confederation of Swedish Enterprise |
| Switzerland | economiesuisse - Swiss Business Federation |
| Switzerland | Swiss Employers Confederation |
| Türkiye | Turkish Confederation of Employer Associations (TISK) |
| Türkiye | Union of Chambers and Commodity Exchanges of Türkiye (TOBB) |
| Türkiye | Turkish Industry and Business Association (TÜSIAD) |
| United Kingdom | Confederation of British Industry (CBI) |
| United States | United States Council for International Business (USCIB) |

List of *Business at OECD Associate Expert Groups*

- Association of Chartered Certified Accountants (ACCA)
- Bureau of International Recycling (BIR)
- Computer & Communications Industry Association (CCIA)
- Confederation of European Waste-to-Energy Plants (CEWEP)
- Cosmetics Europe
- Council of European Employers of the Metal, Engineering & Technology-based Industries (CEEMET)
- CropLife International
- EuropaBio
- European Aluminium
- European Association of the Machine Tool Industries and related Manufacturing Technologies (CECIMO)
- European Association of Metals (Eurometaux)
- European Association of Mining Industries, Metal Ores and Industrial Minerals (Euromines)
- European Banking Federation (EBF)
- European Industrial Research Management Association (EIRMA)
- European Insulation Manufacturers Association (EURIMA)
- European Carbon And Graphite Association (ECGA)
- European Chemical Industry Council (CEFIC)
- European Construction Industry Federation (FIEC)
- European Coordination Committee of the Radiological, Electromedical and Healthcare IT Industry (COCIR)
- European Federation of Pharmaceutical Industries'Associations (EFPIA)
- European Recycling Industries' Confederation (EuRIC)
- European Self-Care Industry Association (AESGP)
- European Telecommunications Network Operators Association (ETNO)
- European Union of Private Hospitals (UEHP)
- FoodDrinkEurope
- Global Self-Care Federation (GSCF)
- GS1
- GSMA
- Insurance Europe
- Inter-American Association of Telecom Enterprises (ASJET)
- International Aluminium Institute (IAI)
- International Chamber of Shipping (ICS)
- International Council on Mining and Metals (ICMM)
- International Federation of Accountants (IFAC)
- International Federation of Freight Forwarders Associations (FIATA)
- International Federation of Pharmaceutical Manufacturers & Associations (IFPMA)
- International Federation of Private Water Operators (AquaFed)
- International Federation of the Phonographic Industry (IFPI)
- International Fertilizer Industry Association (IFA)
- International Fragrance Association (IFRA)
- International Health, Racquet & Sportsclub Association (IHRSA)
- International Textile Manufacturers Federation (ITMF)
- International Seed Federation (ISF)
- Investment Company Institute (ICI Global)
- MedTech Europe
- PlasticsEurope
- spiritsEUROPE
- Tax Free World Association (TFWA)
- The Brewers of Europe
- Transnational Alliance to Combat Illicit Trade (TRACIT)
- UNIFE
- World Employment Confederation (WEC)
- World Federation of Advertisers (WFA)
- World Pharmacy Council (WPC)
- World Savings and Retail Banking Institute (WSBI)
- World Steel Association (worldsteel)
- Worldwide Brewing Alliance



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