



Statement on Reciprocal Tariffs

Submission to the OECD Trade Committee
8 April 2025

Business at OECD (BIAC), representing the leading business federations in the OECD's 38 member countries and beyond, reaffirms its longstanding commitment to open markets, fair competition, and the rules-based trade and investment system. We believe the sweeping unilateral tariff actions taken by the US Administration are not the right solution for leveling the playing field in global trade.

Businesses perform best in conditions of predictability, certainty and stability, and we are concerned that the imposition of additional tariffs harm the very businesses, workers, and consumers they seek to protect:

- Undermining trade relationships that are foundational to global supply chain stability;
- Exacerbating price pressures in consumer markets and adversely impacting inflation rates at a time when OECD economies seek to stabilize;
- Disrupting manufacturing and export sectors that depend on predictable global market access;
- Triggering diversion effects that further distort trade and investment flows and unsettle third markets;
- Weakening trust in international economic cooperation and multilateralism.

Business at OECD has long maintained that distortions in global trade – regardless of their origin – must be addressed in a fair and consistent manner. Unfair trade practices must be investigated and challenged, particularly in light of increasing government support and subsidization observed in several markets. As we continue to underline the importance of ensuring compliance with the *World Trade Organization* (WTO) rules, we underline that important gaps in the WTO's rule-book persist and call for reform with urgency. If multilateral consensus proves difficult, plurilateral approaches may provide viable interim steps.

Across borders, business relies on a rules-based international order. Unfortunately, the imposition of 'reciprocal tariffs' marks a significant departure from the fundamental principles that have underpinned the global trading system for decades. These include non-discrimination, most-favored-nation (MFN) treatment, and multilateral dialogue through the WTO. Thirty years after the WTO was established at the core of the multilateral rules-based trade and investment system, international business relationships must not be turned into political bargaining chips.

Now more than ever, the OECD must act as a forum for coordinated economic policy in support of rules-based trade and investment. International competition and business competitiveness go hand-in-hand, and are best sustained through openness, regulatory coherence, and policy predictability. We call on the OECD and governments to:

- **Recommit to the rules-based trading system and WTO reform, including its dispute settlement function and trade monitoring roles;**
- **Pursue negotiated solutions through bilateral and plurilateral frameworks that respect multilateral norms;**
- **Work with industry stakeholders to address legitimate concerns through targeted, evidence-based, and proportionate measures;**
- **Emphasize regional diversification, not re-shoring or decoupling, as a path to supply chain resilience and reduced dependencies;**
- **Ensure that national security exceptions in trade policy are narrowly defined, transparent, and not misused for protectionist ends.**