BUSINESS at OECD

Leading the Way

Towards Resilient, Inclusive, Sustainable **Prosperity through Rules-Based Trade, Investment and Innovation**

Key Messages for the
2025 OECD Ministerial Council Meeting
3-4 June 2025

Contents

About *Business at OECD* (BIAC)

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 10 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

INTRODUCTION

Leading the Way Towards Prosperity

Prosperity thrives and businesses perform best in conditions of predictability, certainty and stability. Yet, as business leaders have entered 2025, they are confronted with an increasingly polarized, unpredictable global scenario: Geopolitical frictions are on the rise across regions; unilateral actions risk fragmenting the ties between countries; and eroding international norms challenge the established world order. As complex disruptions unsettle many markets, a simple principle is reaffirmed: Across borders, **business relies on a predictable, stable, rules-based international order.**

Continued dialogue and cooperation are more important than ever for the collective benefit. For decades, the OECD has provided unique value to its likeminded market-based democracies and an increasing number of non-member countries, promoting evidence-based analysis and principles to foster private sector-led growth, employment, and open markets. However, in 2025 the joint way forward on key issues – including on tax, tariffs, trade and a sustainable transition – is regrettably unclear. **There is a vital need for the OECD to unite its members around a common agenda.**

Business at OECD (BIAC) – representing the leading business federations in OECD countries and beyond – stands together in support of the Organisation. As a vital and active stakeholder, the private sector's institutional relationship with the OECD is one of the Organization's core assets. To further leverage this unique strength, **we offer our advice to reflect, review and articulate the OECD's value proposition.**

We provide continuity in our recommendations: **The OECD should put economic competitiveness at the centre of its deliberations, and work together with business to reduce uncertainty, volatility and concerns that threaten to undermine the shallow global recovery.**

In addition to new challenges businesses face in the context of major global uncertainties, persistent constraints must be addressed:

- ***Trade and investment barriers***: We need the stability that the rules-based system delivers and recommit to necessary reforms.
- ***Labor market tightness***: Employers in many sectors struggle to fill vacancies. New job profiles and skills mismatches particularly challenge aging societies.
- ***Energy prices and volatility***: Affordable, reliable energy must be secured in the climate transition, as geopolitical risks continue to threaten energy supplies.
- ***Elevated domestic tax levels***: Tax burden and complexity must be addressed to stimulate economic growth. Spending efficiency is needed to counter high public debt.
- ***Regulatory burden***: Excessive red-tape and overly complex reporting requirements stifle private initiative. Focus should be on regulatory quality and coherence, not quantity and complexity.
- ***Access to finance and incentives:*** Business also underlines the importance of access to finance, and the lack of incentives to invest in research and development.

Focusing on competitiveness also requires promoting a level playing field. Several sectors have been disrupted by excessive government support for years; geopolitical power competition is impacting advanced technologies and industrial policy; and economic security is increasingly becoming synonymous with national security. OECD members must more effectively collaborate on these issues – in consultation with the private sector.

From emerging technologies to health system resilience and environmental stewardship: Business remains an important solutions provider to address the world's greatest challenges. **Innovation is our most powerful asset, and coherent, interoperable, enabling frameworks should support technological development, deployment and diffusion**. In particular, these need to facilitate trusted digitalisation, data flows, and the effective use of Artificial Intelligence (AI). To progress on environmental sustainability, OECD guidance should promote policies that are efficient, effective, and evidence-based, not ideologically driven.

As we look forward to contributing to the 2025 OECD Ministerial Council Meeting, this document presents key **business priorities and recommendations for the Ministerial discussions.**

HIGHLIGHTS FROM OUR ECONOMIC SURVEY

Improving the Business Climate in 2025

In 2025, the primary priority for the OECD must be to reinforce the competitiveness of our market-based economies. As the OECD is uniquely placed to compare national policy results and encourage necessary reforms, **we are pleased to share key findings from the *Business at OECD* (BIAC) *Spring 2025 Economic Policy Survey*[1]:**

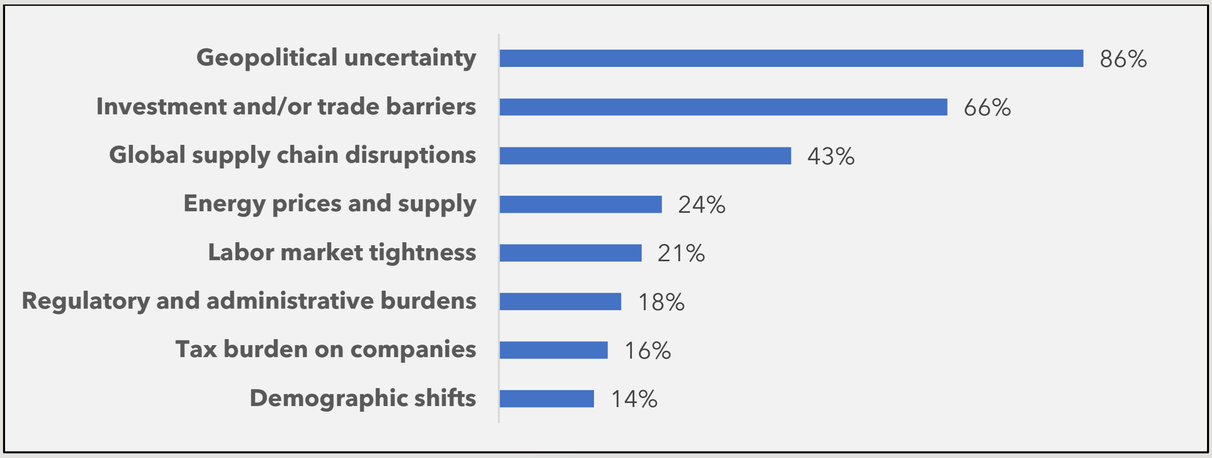
- **Overall, there is strong consensus that the business sentiment is deteriorating**: **68% of respondents characterize the business climate as "fair", compared to 78% rating it as "good" last autumn**. Moreover, economic growth expectations have lowered and are diverging, with 50% anticipating a moderate to strong economic contraction in the coming year.

- **Geopolitical uncertainty (86%), trade and investment barriers (66%) and supply chain disruptions (43%) are highlighted as top constraints for business activity**. While trade policy restrictions continue to evolve, members are concerned about rising costs for international business and far-reaching consequences for economic activity. Investment decisions are expected to be hampered by the rising uncertainty, with over 70% of our members anticipating a 'moderate decrease' in business investments over the next year, and only 19% anticipating a 'moderate increase'. Businesses also point to a growing concern that inflation could be more persistent or increase in the coming year.

- **Against this background, our members remain concerned about the competitive environment and structural conditions for growth in OECD countries**. Significant administrative and regulatory burdens, high tax burdens and energy prices and tight labour markets continue to weigh heavily on businesses, as well as concerns about demographic and fiscal trends and growing public deficits. **A more ambitious and comprehensive structural reform agenda is needed across the OECD**, in particular to improve access to finance, increase the supply of affordable energy, strengthen innovation ecosystems, and address persistent labour market tightness.

- **Now more than ever, political leadership is needed to foster a competitive and open international market for businesses to thrive in a rapidly changing global landscape**. Our members underline open markets (93%), digital policy (58%) and coherent energy and climate policies (53%) as priority areas for international cooperation at OECD level.

Figure 1. Most significant constraints on business activity, spring 2025 survey



[1] The *Business at OECD* (BIAC) *Economic Policy Survey is* conducted biannually among the leading national business and employer organizations in OECD member countries. The *Spring 2025* survey was launched in late March and concluded in April. The full synthesis report was prepared in May 2025.

HOW BUSINESS IS TAKING THE LEAD

Raising Productivity, Driving Lasting Growth

In today's fast-changing global economy, business has a critical role to lead the way. One of the most powerful ways to do that is by improving productivity, which is conducive to a more resilient, sustainable, and inclusive future.

Resilience through Efficiency and Innovation

A more productive business is a more resilient one. By eliminating waste, simplifying operations, and using innovative technologies like AI, companies can better adapt to disruptions - from supply chain shocks to shifting market dynamics. Leaner, more agile firms keep moving forward even in uncertain times, strengthening the broader economy's ability to withstand crises.

Sustainability through Resource Productivity and Waste Reduction

Productivity improvements go hand-in-hand with sustainability. Reducing energy use, optimising logistics, and cutting material waste not only lowers costs; it also reduces environmental impact. As expectations around emissions and responsible business conduct grow, companies that generate more output with fewer resources will lead the shift to low-carbon, sustainable economies.

Inclusiveness through Participation and Opportunity

When businesses become more productive, they create room to invest - be it in skills, in new jobs, and in reaching new markets. Digital tools and automation, when used wisely, empower employees and smaller firms to participate in the economy of the future; without technological advancement, our economies and societies are at the risk of being left behind.

For business, putting productivity at the heart of the OECD's agenda is not only about staying competitive. By embracing opportunities for productivity growth, business contributes to long-term prosperity for all.

Business Priorities for the OECD Agenda

Actively Reinforcing Open Markets and a Global Rules-Based Trading System

Geopolitical tensions, economic nationalism, and protectionist policies increasingly threaten the open, rules-based international economic order that has driven prosperity for decades. The OECD must reaffirm its role as a champion of open markets, a level playing field and a global rules-based trading system, ensuring that international trade and investment remain key drivers of economic growth.

Business at OECD strongly supports reinforced international cooperation to foster open markets. As the successor to the Marshall Plan and the OEEC, the OECD has historically demonstrated the long-term benefits of economic integration. OECD member countries must continue to negotiate, agree upon, and fully implement international trade and investment agreements that uphold non-discrimination, transparency, and fair competition.

Strong democracies are fundamental for sustainable economic growth, ensuring fair market conditions and well-defined property rights. The OECD must support pluralism and dialogue in economic and trade policymaking. Political and regulatory stability should be a key priority to attract investment and strengthen international trade.

Fostering Global Trade and Investment

Thirty years after the WTO was established at the core of the multilateral rules-based trade and investment system, we note with regret that the vision of open, free, and fair markets globally is not as easily realizable as many had hoped. Still, the OECD must persist in demonstrating the economic benefits of a global rules-based trading system, supporting efforts to reform and strengthen the WTO. While multilateral trade liberalization remains the ultimate goal, the OECD should acknowledge and support the role of regional, plurilateral and bilateral agreements in setting high standards and advancing progress in areas where global consensus is lacking.

Unfair trade practices should be investigated and challenged, as government support and discriminatory regulations are creating distortions in global markets. The OECD should continue to investigate and highlight market-distorting practices, ensuring that competition remains fair and that global trade rules are respected. As state intervention grows in several economies, particularly in industrial sectors, the OECD must push for more transparency and clearer disciplines on state aid, industrial subsidies, and forced technology transfers. Non-discrimination should guide state aid and industrial subsidies.

Business at OECD is seriously concerned about the rise of unilateral and retaliatory tariffs, which threaten supply chain stability, undermine the principles of open trade, and amplify the cost of living for our societies. The OECD must advocate for restraint in unilateral trade measures, emphasising the long-term economic benefits of a stable and predictable trading environment. We are concerned about arguments that bilateral trade deficits serve as the sole measure for evaluating trade relations.

Eliminating Tariff and Non-Tariff Barriers

The OECD should remain a key player in addressing tariff and non-tariff barriers, ensuring that businesses can trade efficiently across borders. *Business at OECD* will contribute to the OECD Trade Strategy by sharing updated business recommendations in 2025. A particular focus for the OECD should remain on:

- ***Digital trade openness***: The OECD must continue promoting cross-border data flows, ensuring that digital trade policies align with WTO initiatives and that electronic transmissions remain free from customs duties and restrictive regulations.

- ***Sustainable trade policies***: *Business at OECD* stands ready to contribute to OECD work on trade and the environment, addressing challenges in carbon intensity metrics and advocating for evidence-based policies, including in the context of the *OECD Inclusive Forum on Carbon Mitigation Approaches*. Given supply security concerns, the OECD should adopt a stronger focus on enabling and scaling circular economy business through trade.

- ***Resilient supply chains***: The OECD *Critical Supply Chains Forum* should continue to foster public-private dialogue to enable business to design resilient supply chains. More diversification – and not less – increases the scope for businesses to cushion supply chain shocks.

Attracting and Protecting Foreign Investment

To secure the investment needed for a sustainable and competitive global economy, the OECD must ensure that investment frameworks provide legal certainty, transparency, and fairness. *Business at OECD* will actively engage with the OECD to implement the updated *Declaration on International Investment and Multinational Enterprises* and underline its focus on More, Better, and Safer Investment. In this context we advocate for:

- ***The rule of law and legal certainty:*** The OECD should reinforce its role in promoting the rule of law as a fundamental pillar for investment and economic growth. Countries must ensure predictable, transparent, and efficient regulatory frameworks, preventing arbitrary changes that undermine investor confidence.

- ***Strong investment protection***: Investment protection is key and should not depend on the type of energy source. Excluding fossil fuel investments from treaty protection would undermine investor confidence and economic predictability. Investor to state dispute settlement is essential to guarantee investment protection.

- ***Non-discriminatory policies***: Foreign investors must be treated fairly, and investment screening mechanisms must be based on clear definitions of national security risks to avoid unnecessary restrictions.

- ***Public-private collaboration***: The OECD should strengthen guidance on public-private partnerships (PPPs), particularly in infrastructure investment, to ensure that private capital plays a role in closing investment gaps.

- **Ensure a corruption-free business environment**: The OECD should prioritise the fight against corruption as an essential element for economic growth, sustainable development and fair competition. This includes promoting additional adherence to the *OECD Anti-Bribery Convention*, supporting national strategies with concrete actions, fostering a culture of integrity through education, capacity building and digital tools, streamlining regulations, strengthening reporting channels, and foster capacity building especially for SMEs.

National Security and Economic Coercion

In many countries, national security concerns are being used to justify restrictions on trade and investment. *Business at OECD* urges the OECD to take a proactive stance in addressing the rise of state-led economic models that undermine market-based principles. *Business at OECD* supports OECD efforts to:

- ***Update the 2009 Recommendations for investment policies related to national security:*** As national security issues increasingly influence international investment policies, it is of growing importance that these policies are subject to basic principles of transparency and predictability.

- ***Address disproportionate export controls:*** Export controls and trade restrictions must remain targeted, well-defined and proportionate, avoiding excessive disruptions to legitimate businesses. Consultation with the private sector is essential.

- ***Promote competitive neutrality***: The OECD should ensure that state-owned enterprises (SOEs) and government-backed companies do not distort global markets.

- ***Develop strategies to counter economic coercion***: *Business at OECD* encourages the OECD to facilitate greater coordination among member countries to respond to coercive economic practices, including early warning, rapid information sharing, and support for targeted countries and regions.

Building a Sustainable Global Economy through Innovative Policies

Building a sustainable global economy requires policies that balance economic growth, energy security environmental sustainability, and social progress. As innovation is our most powerful asset to address the world's greatest challenges, it must be a top priority to enable technology development, deployment and diffusion. However, to ensure coherent, practical and predictable regulatory, trade and investment frameworks, sustainability action must be efficient, effective, and evidence-based - and not ideologically driven. Domestic solo efforts and policies that lack such a basis should be avoided.

Ensuring a Market-Driven, Realistic, Practical Green Transition

The business community is committed to a sustainable green transition, and addressing the triple challenge of climate change, biodiversity loss and pollution globally. However, we underline that domestic sustainable transition pathways must be scientifically grounded, technologically feasible and economically viable. As this is a fundamental prerequisite for globally successful coordination, the OECD should:

- ***Promote technology-neutral policies***: Governments should avoid favouring specific technologies and instead allow markets to drive innovation. The OECD must urgently anchor technology neutrality as a cross-cutting core principle in its policy recommendations and standards.

- ***Ensure carbon pricing reflects business realities***: Carbon pricing and related policies harbour risks as well as opportunities. The OECD's work on carbon pricing should be reflective of business realities to ensure that carbon pricing policies do not disproportionately impact economic growth or create competitive imbalances.

- ***Promote good regulatory practices***: The OECD should step up its efforts to encourage regulatory impact assessments, ex-post evaluations, and international coherence. Simplifying compliance, adopting "one in, one out" principles, and using sunsetting provisions are key. Additionally, user-friendly platforms for regulatory submissions and clear guidelines are essential to ensure fair enforcement.

- ***Strengthen energy security***: The recent energy crisis has highlighted the risks of over-dependence on a limited set of energy sources. The OECD should support policies that balance reliability, affordability, and emissions reductions, ensuring that industrial competitiveness is not undermined. In particular, the draft of *OECD Guidance for Credible Coal Policies by Financial Institutions* must not undermine the stable energy supply, and should not encourage to divest specific assets such as coal and its entire supply chain without proper scrutiny and consensus.

Boosting Environmental Action through Trade

The OECD should work to inspire collaboration and global action in support of a sustainable future. Liberalising 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 order – including with regards to measures to avoid carbon leakage. Such measures must not result in arbitrary or unjustifiable discrimination or disguised restrictions on international trade.

- ***Promote efforts to liberalise trade***: 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 liberalising trade in environmental and low-carbon goods and services.

- ***Disseminate analysis on trade and environmental policies***: Ensure that environmental policies do not create unnecessary barriers to liberalised trade and economic activities, in accordance with international rules such as WTO/TBT and the, UNFCCC/Paris agreement, by providing common evidence on technical design, economic impacts, and environmental effectiveness.

- ***Caution against policies that "pick winners"*:** 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".

Promote regulatory dialogue and convergence

Promoting regulatory dialogue and coordination based on scientific evidence can minimize trade barriers. The OECD can help ensure that regulation is not more trade restrictive than necessary. Among others, this should include specific sector initiatives to:

- ***Provide actionable frameworks for circular economy trade***: The on-the-ground implementation of the *OECD Decision on the Control of Transboundary Movements of Wastes Destined for Recovery Operations* suffers from several operational challenges, exceedingly long timelines for authority responses, and a lack of digitization. OECD governments should ensure that the Decision delivers against its objectives to facilitate cross-border trade.

- ***Encourage international coordination of emissions measurement***: Inform discussions to foster mutual understanding about fair and transparent carbon accounting methods by providing knowledge and experiences for measuring and reporting emissions. Ensure environmental goods and services are verifiably safe and effective.

- ***Ensure regulatory coherence in chemicals and environmental policies*****:** The OECD's Environment, Health, and Safety (EHS) program should continue to support harmonised regulatory frameworks that prevent unnecessary duplication in compliance requirements.

Scaling Up Sustainable Trade and Investment Infrastructure

Infrastructure is a cornerstone of economic growth and sustainability, yet investment gaps remain significant. *Business at OECD* calls on the OECD to:

- ***Strengthen public-private partnerships (PPPs)***: OECD countries must leverage private capital to fund infrastructure projects, ensuring that investment conditions remain stable and attractive to businesses. The OECD's Principles for Private Sector Participation in Infrastructure should reflect modern financing models and regulatory best practices. The OECD should continue promoting good governance in public procurement and infrastructure quality. The Blue Dot Network should be part of this effort.

- ***Avoid fragmentation of sustainable finance initiatives***: While the OECD plays a role in shaping ESG finance frameworks, it must prevent regulatory fragmentation and ensure that sustainability reporting requirements remain practical and globally interoperable.

Strengthening OECD Global Relations and Enlargement

In an increasingly fragmented global economy, the OECD must reinforce the core values of market-based economic governance while expanding cooperation with non-member countries. *Business at OECD* strongly supports OECD efforts to deepen ties with partner economies, advance accession processes, and strengthen the Organisation's influence in international economic governance.

Strengthening OECD Engagement with Emerging Markets

The OECD's regional programs serve as important platforms for sharing best practices and supporting structural reforms. *Business at OECD* encourages the OECD to:

- **Ensure a private sector focus in the OECD Development Strategy**: We underline that the private sector has a key role to positively impact development. An enabling environment is an indispensable pre-requisite for companies to trade, invest and do business in and with developing countries. For the OECD, this means that renewed emphasis should be placed on free and rules-based trade and investment, rule of law and promotion of integrity and anti-corruption standards, as well as fostering capacity building and public-private dialogue.

- ***Safeguard OECD standards as the benchmark for global economic governance***: The OECD should expand initiatives that help emerging economies align with OECD best practices in areas such as taxation, integrity, competition policy, and investment frameworks. The OECD must resist external pressures that dilute its principles and focus on expanding the adoption of its best practices worldwide.

- ***Deepen cooperation in Southeast Asia, Latin America, and Africa***: These regions present substantial economic opportunities and challenges. OECD engagement should prioritize private sector-driven economic reforms, regulatory transparency, trade facilitation as well as skills and employment.

Ensuring a Rigorous and Strategic Approach to OECD Enlargement

The OECD's accession process is a powerful tool for driving economic reform and global policy alignment. *Business at OECD* fully supports a transparent, merit-based approach to OECD enlargement, ensuring that new members align with the Organisation's high standards. As eight countries progress in their accession processes, *Business at OECD* urges the OECD to:

- ***Ensure long-term policy alignment***: The accession process must focus on sustained economic and governance reforms rather than short-term political considerations.

- ***Assess the business and investment environment rigorously***: Each candidate country should be evaluated based on its commitment to OECD standards. Accession candidates must fully commit to adhering to OECD principles and standards, including on trade, taxation, competition, and governance to maintain the Organisation's credibility.

- ***Strengthen business engagement in accession discussions***: The OECD should actively seek input from the business communities - operating both in and with candidate countries - to assess the practical implications of economic reforms.

Defining a Coherent Approach Related to China

China's role in the global economy presents both opportunities and challenges. The OECD must ensure that its engagement with China is based on clear principles that promote fair competition, regulatory alignment, and economic transparency. We urge the OECD to:

- ***Strengthen the OECD's presence in China*:** This should aim to enhance the OECD's ability to monitor market trends, engage with policymakers, and promote dialogue on OECD standards.

- ***Encourage China's alignment with OECD principles*:** This includes intellectual property protection, trade openness, and non-discriminatory investment policies.

- ***Address imbalances***: The OECD should analyse and highlight areas where state intervention, industrial subsidies, and forced technology transfers create imbalances and overcapacity in global markets.

Leveraging the Digital Economy for Shared Prosperity

The digital economy, with business in a lead role, is a critical driver of innovation, productivity, global economic growth, and societal benefit. However, uneven digital transformation, regulatory fragmentation, and barriers to data flows continue to create challenges for businesses in this endeavour. The OECD must continue to support its multistakeholder dialogue to advance policies that foster digital innovation across sectors for economic and societal benefit, while addressing the risks.

Advancing Digital Market Openness and Connectivity

Digital trade and data-driven business models are essential for economic prosperity. *Business at OECD* urges the OECD to:

- ***Strengthen the Digital Market Openness Agenda***: OECD work on digital trade must ensure free cross-border data flows, avoid data localisation requirements, and promote interoperability of digital regulations.

- ***Underline* the positive implications of the Joint Statement Initiative on E-commerce:** The OECD and governments should further support dynamic progress in the JSI on e–commerce.

- ***Secure a permanent moratorium on customs duties for electronic transmissions***: *Business at OECD* strongly supports the OECD's advocacy for a permanent ban on customs duties for electronic transmissions, ensuring digital trade remains efficient and cost-effective.

Bridging the Digital Divide for SMEs and Emerging Markets

Small and medium-sized enterprises (SMEs) often face difficulties in adopting digital technologies due to limited resources, access to finance scalability challenges, and regulatory burdens. The OECD should:

- ***Strengthen the Digital for SMEs Global Initiative***: *Business at OECD* supports further OECD work to improve SMEs' access to digital tools, AI, and cloud computing solutions and is an active partner in the OECD Digital for SME global initiative.

- ***Enhance digital infrastructure investment including in emerging economies:*** The OECD should advance policies that facilitate private sector investment in secure and sustainable broadband connectivity and digital infrastructure, that facilitates affordable access to connectivity to close global digital divides.

Equip Individuals with Skills for the Digital Transformation

Foundational knowledge, STEM skills and competencies for navigating the digital transformation of our economy and societies, will be key to competitiveness.

- ***As digital technologies including AI are increasingly mainstream, modernized knowledge and competencies are needed by all:*** Education curricula must better align with labour market demands and digitalisation of products and services. We support OECD initiatives promoting early orientation, work-based learning, skills development and matching systems focused on digital skills in this respect.

Advance Coherence in the Digital Economy Regulatory Framework

Divergent national regulations for areas such as digital security and data governance create compliance challenges and barriers to innovation for businesses. We call on the OECD to:

- ***Promote international regulatory coherence:*** The OECD should work towards a globally coherent cybersecurity and data governance frameworks, ensuring that businesses do not face conflicting national regulations.

- ***Expand adherence to the OECD Declaration on Government Access to Personal Data****:* More countries should be encouraged to commit to OECD privacy and data access principles, ensuring a balanced approach between security and economic growth.

- ***Strengthen resilience against cyber threats****:* The OECD should increase cooperation with businesses to address regulatory fragmentation, and develop best practices for cyber risk mitigation, incident response, and supply chain security.

Fostering the Next Wave of Digital Innovation

The OECD should support new and emerging technologies, ensuring that policy frameworks enable rather than hinder innovation. The *OECD Global Forum on Technology* is an important forum for addressing policy issues related to emerging technologies including dialogue with participating OECD non-member countries. *Business at OECD* calls for:

- ***Pro-innovation regulatory approaches****:* The OECD should ensure that digital policies are technology-neutral, agile, competition-friendly, and do not favour government-backed solutions over private sector innovations.

- ***Recognition of digital public goods while ensuring market competition****:* As governments deploy digital public infrastructure, the OECD should advocate for a competitive approach that allows private sector participation and avoids crowding out innovation.

Advancing Artificial Intelligence (AI) Governance and Global Collaboration

AI is transforming economies, creating new business opportunities, and reshaping labor markets. While there will continue to be an enormous amount of work on governance and AI safety, there is also a growing use and deployment of the technology across sectors and policy issues arising such as IP, privacy and new aspects regarding cyber security.

Regulatory fragmentation, ethical concerns, and geopolitical competition risk are also impacting AI adoption. With its *AI Principles* at the center, the OECD must play a leading role in advancing good governance for trustworthy AI, fostering global collaboration, and ensuring a balanced approach that encourages innovation while mitigating risks.

Strengthening AI Policy Coordination and good AI Governance

Business at OECD strongly supports global coherence and interoperability for AI governance, standards and regulatory policy and underlines the role of OECD leadership in this space. We call on the OECD to:

- ***Promote regulatory interoperability***: AI policies must be aligned globally to ensure that businesses can roll out AI solutions across multiple jurisdictions. The OECD should facilitate policy dialogues to reduce regulatory divergence and promote interoperability of AI standards. The G7 Hiroshima AI Process Reporting Framework (HAIP) is an important step forward in facilitating transparency and interoperability.

- ***Advance implementation of the OECD AI Principles***: While the OECD AI Principles set a strong foundation, more work is needed to ensure consistency in how these principles are applied and implemented across different sectors and jurisdictions, including non-OECD countries. We therefore welcome the initiative to develop an OECD AI Principles implementation toolkit.

- ***Broaden implementation of the OECD AI Principles beyond the OECD:*** The new OECD Global Partnership on AI (GPAI) is a promising step, with its mission to implement human-centric, safe, secure and trustworthy AI as embodied in the OECD AI Principles.

- ***Ensure AI governance remains pro-innovation***: The OECD must ensure that policies advance AI innovation, and that regulatory approaches enable AI deployment across sectors without creating unnecessary barriers.

- ***Enhance AI risk assessment methodologies:*** Governments must adopt evidence-based AI governance, focusing on actual risks rather than theoretical concerns. The OECD should lead efforts to develop common AI risk classification frameworks, avoiding overly strict compliance requirements that could slow down AI adoption and limit competitiveness.

Encouraging Responsible AI Adoption Across Sectors

AI has transformational potential across sectors, for example, healthcare, education, and finance. In this context we call on OECD to:

- ***Ensure consistency on AI across sectors*** through coordination of AI work based on the AI Principles across OECD Committees and with the support of the OECD Horizontal Project on AI.

- ***Develop policies to support AI upskilling in labor markets:*** Governments must work with businesses to prepare workers for AI-driven changes across sectors, ensuring that AI adoption boosts productivity while creating new opportunities for employees.

Fostering Cross-Border Data Flows for AI Development

AI models rely on high-quality data, but data localisation laws and cross-border restrictions threaten AI innovation. The OECD must:

- ***Ensure AI policies are aligned with data governance and privacy frameworks:*** Governments must adopt balanced AI governance frameworks that protect privacy while allowing responsible data sharing for AI model development.

- ***Support AI-driven economic growth through international cooperation***: The OECD should work with G7 and G20 partners to ensure that AI policies promote economic competitiveness and cross-border AI collaboration.

- ***Balance security and innovation***: While national security concerns around AI must be addressed, AI policies should not become protectionist tools that hinder international AI cooperation.

OUR GLOBAL NETWORK

Business at OECD (BIAC) 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)

ANNEX

Other Business Priorities in 2025

5 Years after the Pandemic Outbreak: Strengthening Health Systems Resilience

Health is a critical pillar of national security, economic growth, and societal well-being. Strengthening health systems to be patient-cantered, preventive, technology-driven, and financially sustainable is both urgent and necessary. By fostering cross-sector innovation and investment, which rely on the protection of intellectual property rights, we can build health resilience as a driver of economic stability. The following key messages outline how the OECD can enhance its impact in these areas:

- ***Make health central to economic resilience:*** Investing in health strengthens workforce productivity, fiscal sustainability, and global competitiveness. The OECD should integrate health into broader economic planning and promote collaboration across health, finance, labor, and innovation ministries.

- **Foster prevention-driven health systems**: Prevention lowers healthcare costs and boosts fiscal stability. The OECD should advocate for policies that emphasise early detection, immunization, and value-based care. Our Position Paper on Physical Activity highlights its role in improving health and economic outcomes.

- **Harness technology and AI for sustainable health systems**: AI and digital health can improve diagnosis, resource allocation, and personalized treatment. The OECD should support data governance, interoperability, and ethical AI frameworks to drive innovation while ensuring security and privacy.

- **Strengthen public-private partnerships for health innovation**: Collaboration between governments, businesses, and civil society is key to modernising health systems. Policies should reward innovation while maintaining equitable access to new treatments. The OECD should promote structured partnerships to boost workforce resilience, crisis preparedness, and digital health infrastructure.

- **Promote smart health investments for fiscal efficiency**: Targeted investments in prevention, primary care, and innovative treatments can lower costs, improve productivity, and enhance health outcomes. The OECD should encourage policies that classify health spending as a strategic investment for long-term economic stability.

Latin America and the Caribbean: The Role of Business

In the Latin America and Caribbean (LAC) region, businesses play a pivotal role in advancing social inclusion and economic development. The OECD can support these efforts by addressing key challenges and promoting policies that foster a favorable business environment. To this end, it should be a priority for the OECD to strengthen economic governance and promote institutional modernisation in Latin America to combat political instability and legal uncertainty. Strengthening judicial independence is essential to guarantee fair and impartial law enforcement.

The following are recommendations from our Vision Paper on LAC Region Priorities, presented at the 2024 OECD 3rd LAC Ministerial Summit on Social Inclusion:

- **Promote a favorable investment climate in LAC:** The OECD should address governance challenges in LAC by providing insights into investment hurdles and regulatory burdens, leveraging the accession process to align countries with OECD standards, and driving reforms to enhance the business environment.
- **Underline the positive contribution of businesses:** The OECD should highlight the role of businesses in creating employment, fostering skills development, and improving access to essential services, supported by an enabling policy framework.
- **Foster digital and financial inclusion:** The OECD should advocate for infrastructure investments to enhance internet access and connectivity in underserved areas of LAC, promote collaboration between public and private sectors to advance digital literacy and skills training, and encourage governments to incorporate digital skills into education curricula.
- **Emphasise education and skills:** The OECD should promote quality early childhood education and address infrastructure gaps in LAC, encourage partnerships between businesses and educational institutions to enhance digital literacy and skills training, and ensure education programs meet current and future needs. The OECD should promote policies that facilitate the formal employment of migrants by addressing barriers such as skills recognition, work permits, and access to financial services.

Tackling Labor Shortages

Tight labor markets remain a key concern for business. The pervasiveness of this issue was also highlighted by the ***OECD Economic Outlook***, and we welcome the OECD's call for decisive policy action in this area. The OECD should continue to provide governments with comprehensive recommendations to foster inclusive and flexible labor markets and ensure that businesses have access to skilled labor. Lasting labor shortages reinforce the need to mobilise all parts of society - including youth, women and the elderly - and reduce inactivity levels, especially in light of demographic change and the digital transformation.

To address the "double skills gap", education must better align with labor market demands, including for digital skills. We call on the OECD to promote early orientation, work-based learning, skills development and take determined action to address skills mis-matches. The **OECD Vocational Education and Training Assessment project (PISA-VET)** should help raise the attractiveness of VET, which is important to equip workers with job-specific skills. The OECD should particularly foster STEM skills, promote a "skills-first" hiring approach, recognizing non-traditional skills and diverse career pathways.

Vocational training must build on a strong foundation of basic skills, which necessitates a reform of general education to better meet the needs of new generations. This issue is clearly reflected in the declining **results of the PISA test** in many countries. Strengthening basic education will ensure that vocational training can be more effective and impactful.

Regular labor migration is an important pillar of an integrated strategy to secure the supply of skilled workers. At the same time, we underline that **employers are the best source of knowledge on needed skills and have a key role in ensuring the successful integration of foreign workers** into labor markets. *Business at OECD* stands ready to work with governments on appropriate legal migration pathways to address specific labor market needs.

Advancing Sustainable Agriculture through Digital Innovation

Agriculture is at the heart of food security and economic stability. Ensuring sustainable productivity growth requires a balanced approach that integrates environmental objectives with economic and social progress. The OECD must work closely with governments and the private sector to create policies that drive agricultural innovation while supporting farmers in adopting sustainable practices.

- ***Sustainable agriculture for food security:*** Agriculture must be both productive and environmentally responsible. Current discussions often prioritize environmental concerns over essential farming practices, which risks policies that undermine food production. A more integrated approach valuing both agricultural methods and sustainability will ensure long-term food security and resilience.

- ***Digital farming and technological innovation:*** Precision agriculture, biotechnology, and AI-driven farming solutions enhance productivity while reducing environmental impact. The OECD should advocate for open trade policies that facilitate access to these innovations, ensuring farmers have the tools needed to improve efficiency, manage resources sustainably, and adapt to climate challenges.

- ***Supporting Farmers in the Green Transition:*** Many farmers face financial and structural challenges in adopting sustainable practices. Policies should provide targeted incentives, capacity-building initiatives, and financial support to enable a smooth transition to regenerative agriculture while maintaining profitability and alignment with the Sustainable Development Goals (SDGs).

- ***A Collaborative Approach for Sustainable Growth:*** Achieving sustainable agricultural productivity requires cross-sectoral cooperation. Governments, businesses, and research institutions must work together to promote science-based solutions, remove barriers to innovation, and align policies that balance environmental health with economic viability. By fostering open dialogue and strategic collaboration, the OECD can help shape a resilient and future-ready agricultural sector.

- ***Mobilise Funding:*** Investment in adaptation can enhance resilience in key sectors like agriculture, water management, and infrastructure, ultimately lowering costs and supporting sustainable growth. To achieve this, there is a need on aligning policy actions across various sectors to mobilise funding from public and private sources to support farmers in their transition to sustainable agriculture, addressing the adaptation finance gap through innovative and science based technologies, incentives and regulatory updates.

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