BUSINESSatOECD

# Setting the Agenda for 2024

10 Policy Priorities
for *Business at OECD* (BIAC)

# 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 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.

Introduction
# Setting the agenda for 2024

*Business at OECD* (BIAC) is the institutional private sector stakeholder representing the voice of business at the OECD. This paper explores our members' joint key policy priorities and high-level positions for our common engagement with the Organization in 2024.

This discussion document has been drafted by the *Business at OECD* secretariat based on regular consultation with our membership and policy groups. It provides a compilation of ten cross-cutting key issues, not ranked in their relative importance. It is in no way meant to be comprehensive of all policy areas and issues we cover throughout the year, as we provide broad-based business input to a wide range of OECD activities, including on technical issues and specific OECD legal instruments.

In the context of a dynamic geopolitical setting, we underline our increased cross-cutting engagement in OECD outreach activities to advocate for our members' priorities. The Organization's enlargement process, as well as its regional programmes – including in South-East Asia, Latin America and Africa – provide an essential opportunity for business to spread OECD standards, good practices and policies for the governance of markets beyond the Organization's membership. We also engage in continued dialogue with OECD leadership on China-related business priorities. Working with our global network, we further promote our priorities in B7 and B20 activities.

As a member-driven organization, our policy priority-setting exercise at the turn of the year provides initial guidance for our forthcoming high-level engagements with OECD Ministers and Ambassadors during the year, and helps develop a common business narrative. This will also remain responsive to the OECD's high-level agenda and deliverables to maximize the impact of our business advocacy.

As this paper provides a basis for exchange at our *Annual Meeting of Lead Coordinators*, we look forward to receiving feedback from our members on the below proposed ten business priorities and key issues on 4 and 5 December 2023.

# Underline boundaries for **government intervention in markets**

**Security, sustainability and supply concerns are used across OECD countries to justify unprecedented government intervention. But in our market-based democracies, governments must be reminded that the long-term success of our economies is based on private sector-led growth. In 2024, it will be a cross-cutting top priority for *Business at OECD* to convince the OECD and policy-makers that functioning markets must remain at the center of economic activity.**

In the context of heigthened geopolitical risks and discussions on **economic security**, more evidence-based OECD work is needed to ensure that government initiatives to protect legitimate national security are carefully designed, narrowly drawn, and minimize anti-competitive impacts. Discussions on national security interests – including those with a specific focus on digital, food, energy and supply security – should not lead to market distorsions that hinder the competitiveness of critical sectors. Negative spillover effects must be avoided.

As many OECD governments continue to provide unprecedented levels of **fiscal support**, the OECD should underline that such measures must not unlevel the playing field, and should thus be targeted, transparent and non-discriminatory, with clear exit strategies. As governments in different countries pursue support efforts in the same or related sectors, more evidence-based OECD work and cooperation is needed to counter risks of mounting production overcapacities. Risks of excessive government debt must be addressed.

Industrial policy is more than allocating subsidies and support to selected sectors: It is about improving the framework conditions and **competitiveness** for all. The OECD must urgently reinforce its advocacy for structural reforms, address excessive regulatory burden and fragmentation, and put the private sector back at the center of the economy. Surging price inflation remains a significant challenge for OECD business, and the Organization must continue to effectively address its root causes to enable business success.

# Ensure a practical rollout of **the global tax deal**

**An increasing public debt burden must not result in fiscal policies that further weigh down private sector-led growth. In 2024, *Business at OECD* engagement with the OECD will remain crucial, as the Organization has been at the forefront of proposals which will result in fundamental changes in the international tax landscape.**

In 2024, jurisdictions will begin to implement the guidance requiring in-scope multinationals to comply with reporting requirements associated with **global minimum tax rules** (Pillar Two). The formal implementation of these rules will require businesses to adapt their internal processes and create additional financial reporting and audit disclosure requirements across multiple jurisdictions. As the official implementation process begins, further guidance and clarity are necessary to enable business to fulfill reporting and compliance requirements while accounting for resource constraints.

We will continue to engage with the OECD to seek to ensure that the implementation process includes **clarity and consistency** for businesses across jurisdictions by collaborating on additional guidance and providing key observations on the results of the ongoing implementation process. This will be necessary as jurisdictions move closer towards final adoption and implementation of the proposal to reallocate a portion of the profits of large multinationals to market jurisdictions (Pillar One) in 2024. Unilateral measures including for Digital Services Tax (DST) should be promptly and definitively withdrawn.

In this context, improving **tax certainty** across international tax issues, including the two pillars issues addressed by the OECD, will continue to be a top priority. Enhancing trust between taxpayers and tax administrations, and a commitment to action for improved dispute prevention and resolution, will reduce tax risk for both governments and business as well as to enhance businesses confidence to invest.

As jurisdictions begin to adopt a **multitude of new regulations** it will be necessary to increase capacity to respond to inquiries from business while simultaneously tracking revenue and enhancing collection systems. As we have been actively engaging with the OECD throughout the course of the design process, we are well suited to provide key observations to assist in the capacity building process so that systems are responsive to stakeholder needs.

# Defend open markets for **international trade and investment**

**Geopolitical tensions and an increasing trend towards de-globalization significantly threaten the achievements of multilateralism. At this critical juncture, *Business at OECD* will work with the OECD to make clear that the security, sustainability, and success of our economies do not stand in contrast with open markets and rules-based international trade and investment - they depend on them.**

In 2024, it should remain a priority for the OECD to reinforce **multilateralism** by emphasizing the benefits of open markets, including as a remedy to the "cost-of-living crisis". Working towards WTO reform, the Organization must continue to contribute evidence-based recommendations to WTO negotiations including the discussion on cross-border data flows, pinpoint the effective implementation and enforcement of existing multilateral trade rules, and foster regional diversification.

On **trade policy**, the OECD should adopt again a stronger focus to address the on-the-ground priorities of those who trade and operate global supply chains. These include fostering a rules-based, resilient and robust trading system; strengthening the foundations of open markets; advancing digital trade, data flows and innovation; levelling the playing field; and securing public support for open markets.

This should be complemented with **investment policy** advice that helps leverage the enormous amounts of investment required for achieving more sustainable, secure, digital, and resilient economies. For this, the balance in OECD countries needs to shift from imposing requirements on investors to catering for the needs of investors and providing them with sufficient legal certainty and stability.

Overall, the OECD must more forcefully ensure that its member governments walk the talk as a **'likeminded' community** committed to open markets. This means that trade and investment agreements and initiatives should be negotiated and ratified in a timely manner.

# Advance coherent digital policy for **trustworthy AI and data governance**

**The rapid development and adoption of new technologies, including generative AI, are transforming business and the way we conduct our activities. Fostering a favourable and trustworthy environment for innovation will create opportunities for the whole of society. In the coming months, we will continue to work with the OECD to create coherent digital policy frameworks and guidance, enabling innovation and economic growth at international scale.**

The rapid development and deployment of technologies holds tremendous potential for businesses to thrive in a post-pandemic economy. The OECD should foster **international policy frameworks** encouraging innovation while minimising risks. Multistakeholder engagement is the only way to achieving this goal.

The development of **AI and related technologies**, and investment in the underlying communications frameworks, are central to current policy debates, especially focusing on fostering a safe and trusted development and use of the technology by all stakeholders. To support this effort, we encourage the OECD to continue developing evidence-based policy frameworks for trustworthy AI that will put in practice the *OECD AI Principles* and enable innovation.

Cross-border **data flows** are essential for multinational enterprises and therefore we welcome the G7 endorsement of the operationalization of *Data Free Flow with Trust* by the OECD, work originally spearheaded by Japan, and the related establishment of the *Institutional Arrangement Partnership* (IAP). Throughout 2024, business contribution to this work will be important to the evidence base for both relevant technologies and policy to enhance trust in data flows.

# Promote effective solutions for **labor and skills shortages**

**Skills and labor shortages are among the most pressing problems entrepreneurs and businesses currently face on-the-ground. In 2024, we will redouble our efforts to encourage the OECD to provide tangible recommendations that tackle the "double skills gap" - a quantitative lack of skilled employees and qualitative skills mismatches.**

OECD work should strengthen **employment-promotion** and retention measures, reduce bureaucratic barriers and address obstacles to worker mobility, and effectively mobilize talents and resources of all. In this context, we will actively contribute to OECD initiatives on active labor market policies, the use of AI in workplace and labor market, skills and employability, and diversity, equity, inclusion and gender, to foster productivity and company success.

As **labor migration** will remain high on the policy agenda in 2024, the OECD needs to adapt a stronger focus on fostering effective labor market integration in its annual OECD *International Migration Outlook*. More needs to be done to ensure efficient and adequate recognition of foreign qualifications; improve processing times and address clear visa backlogs; and assist small businesses in recruiting overseas workers.

**Education policies** must better reflect labor market realities and foster a capable and adaptable workforce. Decarbonisation and digitization of our economies require more agile education systems and a renewed focus on assessing skills needs and opportunities for continued skills development – especially in science, technology, engineering, and mathematics. For a successful transition from school to work and to facilitate lifelong learning, better networking of schools and research institutions with local business partners is crucial. Core competencies such as critical thinking, problem solving, creativity and ethics are also emphasized in our work.

As the OECD flagship *Programme for International Student Assessment* (PISA) can trigger national policy reform, we will closely engage in the new OECD *International* ***Vocational Education and Training*** *(VET) Assessment* project to support countries in strenghtening their skills systems and work based learning. As skills development is a decisive factor for a successful and inclusive green transition, we will also launch a cross-committee *Campaign on Forging Green Talents*.

# Encourage a rational **green transition**

**A net-zero global economy will require significant private sector investments in low-carbon infrastructure and technologies over the next decades. For this, a sustainable green transition must become a fantastic market opportunity, rather than an expensive problem. In 2024, the OECD needs to promote environmental policies that are rational, and not ideologically driven. The key to success lies in stronger public-private engagement.**

To ensure policies are not only environmentally effective, but also economically efficient, we need the OECD to foster more **engagement with business** to strengthen the evidence-base and realistic approaches. All private sector voices must be heard in the transition, as the transition requires fair and attractive market conditions, based on coherent, reliable, technology-neutral policy frameworks.

On **climate change**, more evidence is needed to set clear strategies for breakthrough technologies and hard-to-abate emissions sectors; critical minerals and materials; mobilizing private finance and investment for environmental goals; and liberalizing trade in environmental and low-carbon goods and services.

To this end, *Business at OECD* will also represent the private sector in the flagship ***Inclusive Forum on Carbon Mitigation Action*** (IFCMA) to contribute to a globally more coherent and better coordinated approach to carbon mitigation effort. Inclusive discussions must also continue to standardize approaches for meaningful emissions measurement and reporting before considering any mandatory steps.

We will also encourage business engagement in the ***Climate Club***, jointly hosted by the OECD and the IEA in the interim, which will serve as a high-level political ambition to facilitate collaboration on industry decarbonisation, including the areas of policy, standards, finance, and technical assistance.

To help also make the **circular economy** a reality, we will continue to encourage the OECD and governments to take the steps to strengthen effective implementation of the legally-binding *OECD Decision on the Control of Transboundary Movements of Wastes Destined for Recovery Operations.*

# Foster efficient development of **energy and infrastructure**

**The energy crisis has been a game changer, and significant steps need to be taken across our economies – not just in the energy sector – to make the transition happen. From speeding up regulatory procedures and fostering infrastructure investments, over the right skills policies to mitigating the impacts on competitiveness: The OECD needs to bring in its whole-of-government expertise to help decisively move forward, strengthening ties with the IEA.**

The OECD should step up its efforts to mainstream **energy** discussions across the house. In cooperation with the IEA, more work is needed to effectively accelerate the roll out of sustainable energy projects, promote diverse energy infrastructures and technologies, and foster energy efficiency.

Foremost, the OECD should step up its efforts in 2024 to provide state-of-the-art analyses and dissemination of best practices on efficient in approval processes for **green energy investments**. The transition of our energy system towards carbon neutral energy sources must go handin-hand with modernized infrastructures and demand from energy end-users.

Promoting diverse **energy infrastructures and technologies,** we will encourage evidence-based OECD work to foster investment in the modernization and digitalization of grid facilities, energy storage systems, and a proper charging networks for the electrification of transport, energy uses and industrial sectors. It is equally important to foster the development and scaling up of diverse technologies and all energy options needed to support the transition to secure, affordable, and stable low-carbon energy.

**Energy efficiency** is the "first fuel" in clean energy transitions, and provides some of the fastest and cost-effective climate mitigation options. At the same time, these more energy efficient solutions can help lower energy bills in the current cost-of-living crisis. The IEA and OECD should deepen their work to incentivize investment in solutions increasing the energy efficiency of transport, buildings and other sectors.

# Build resilience for **health and food systems**

**As health and food systems are the backbones of our global economy, it is clear that investing in them will contribute to strengthening global economic resilience as a whole. To achieve this, we must deliver transformational solutions that make health and food systems more productive, digital and efficient, and do so in a sustainable way. In this regard, in 2024, the OECD should promote public-private and cross-ministerial cooperations in both the health and food sectors, not only during times of crisis but consistently.**

Feeding the world, sustaining the environment,addressing climate change, and enabling livelihoods require new, transformative solutions that balance these sectors global productivity potential and its environmental footprint across countries at different stages of development. Given multiple threats to our health and food systems, we need more international dialogue and cross-sectoral collaboration in the fields of health and food resilience.

In **health**, we launched our *Stronger Together* campaign for health resilience and foresight and hosted our 5th Annual *Health Forum* to take stock of challenges, priorities and opportunities for partnerships. Taking from insights gleaned through the campaign and the Forum, our synthesis report will inform ministers at the *OECD Health Ministerial* in January 2024 and shape our messages for the OECD programme of work on health.

In **agriculture**, we have continued to engage stakeholders through our *Peace for Food* campaign, and launched a new *Field of the Future* Digital Farming campaign for specific discussions on the digitalization of agriculture. Moving forward, we will continue using these flagship initiatives as channels for targeted outreach and advocacy, as well as platforms for the public and private sector to convene.

# Shape realistic frameworks for **good corporate governance**

**Sound corporate governance frameworks are essential for business success: Transparent, responsible, and accountable processes and practices increase competitiveness, performance and business reputation. In 2024, we will continue our close engagement with the OECD to ensure its flagship standards provide useful guidance, meet business realities and can be effectively implemented – in OECD countries and beyond.**

As the OECD is revising the world's only internationally recognized Guidelines for the corporate governance of **SOEs**, we will continue to proactively engage to foster a level playing field and competitive neutrality between public and private sectors.

We will work with the OECD to efficiently disseminate and implement the revised *G20/OECD* ***Corporate Governance*** *Principles*, championing good corporate governance for global sustainable economic growth and urging new OECD thematic works and complementary guidance to bolster the Principles.

Following the adoption of the revised *OECD Guidelines for Multinational Enterprises on* ***Responsible Business Conduct***, *Business at OECD* will keep advocating for their balanced and practicable application on the ground. Companies must be enabled to stay and improve rather than cut and run, even in in difficult governance environments. This will also require policy coherence, adequate flanking and supportive measures as well as enhanced communication on the Guidelines.

The *OECD Anti-Bribery Convention* and its related instruments have made a major contribution to **fighting international corruption** – in adhering countries and beyond. On the occasion of its 25th anniversary in 2024, it is important to take stock to ensure its relevance for the future. *Business at OECD* will support this process through a dedicated zero-corruption campaign.

## Bring down excessive **costs of doing business for SMEs**

**Small and medium-sized enterprises (SMEs) and entrepreneurs are the backbone of our economies, an integral part in global value chains, and drivers of innovative business models. Yet, many SMEs are struggling with the effects of inflationary price surges, and excessively complex and burdensome legislation. In 2024, we will underline the need for government action to enable commercial success of our SMEs.**

As existing regulations must be put to the test, and superfluous burdens identified and consistently reduced, we will continue our work to promote a **"Bureaucracy Break"** for SMEs. The OECD should step up its efforts to promote best practices for good regulatory policy and mainstream principles such as "one in, one out".

To streamline **regulatory processes**, we will encourage the OECD to simplify compliance requirements and minimize bureaucratic hurdles through closer business engagement, regulatory impact assessments and evaluations, and better international regulatory cooperation. On the ground, This also includes establishing dedicated, user-friendly platforms for regulatory submissions, clear and simple government guidelines, and a single entry point for various approvals

To facilitate affordable **access to credit** for SMEs, the OECD should focus on creating a more supportive financial environment. This should include encouraging credit guarantee schemes, scaling up microfinance institutions, and promoting credit information systems about affordable loans to SMEs. Financial literacy programs can empower small business owners to better manage credit and improve their creditworthiness.

Investing in **digital infrastructure** can enhance operational efficiency for small business.We will also continue our active dialogue with the OECD on SME digitalization through the *OECD Digital for SMEs Global Initiative* (D4SME) to promote knowledge sharing and learnings on how different types of SMEs can seize the benefits of digitalization

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