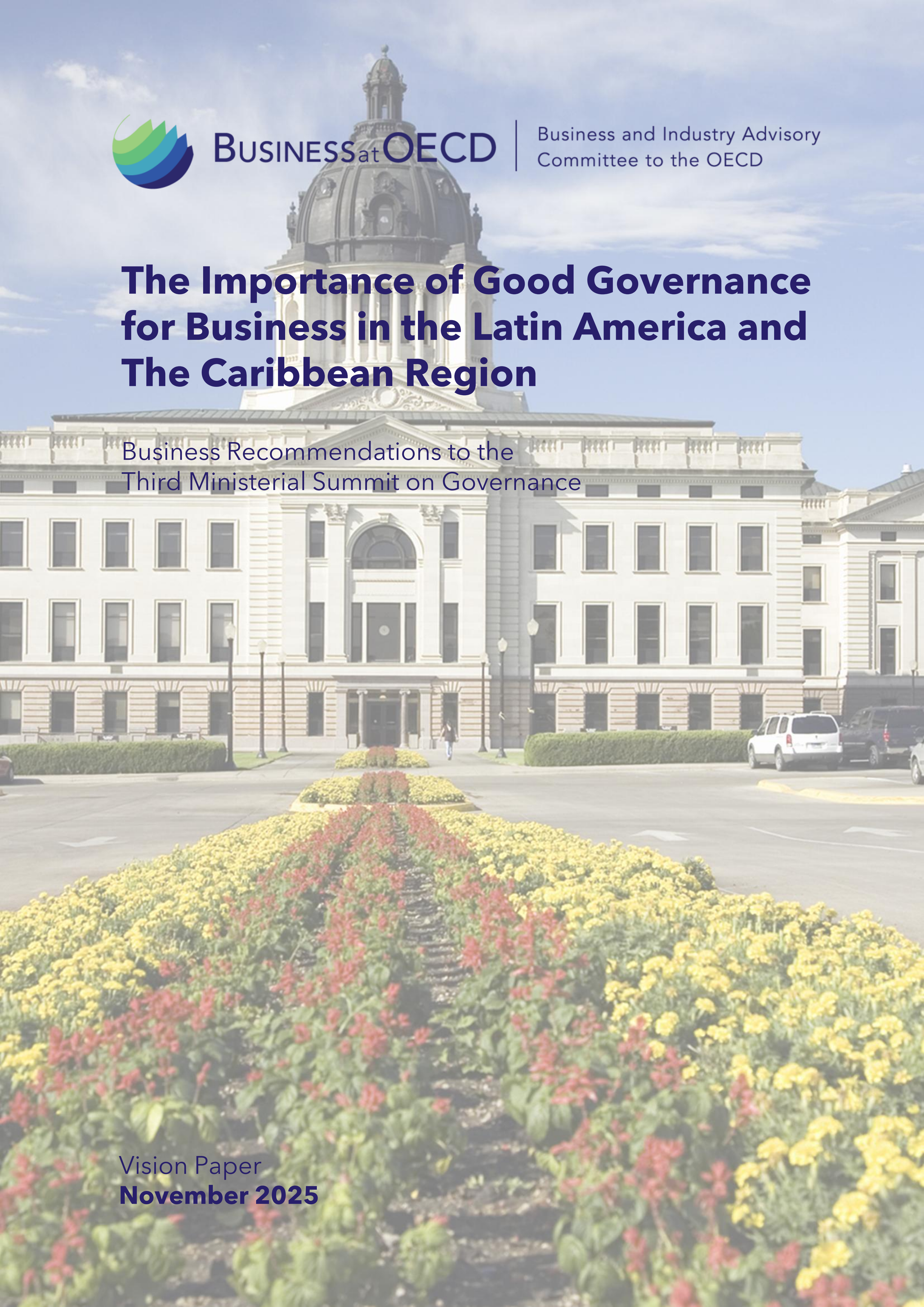

BUSINESS at OECD

Business and Industry Advisory Committee to the OECD

The Importance of Good Governance for Business in the Latin America and The Caribbean Region

Business Recommendations to the Third Ministerial Summit on Governance

Vision Paper

November 2025

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Introduction

Strong governance as the cornerstone of sustainable investment

Good governance is the foundation of stable, inclusive, and prosperous societies. For the business community in Latin America and the Caribbean (LAC), it represents the single most critical determinant of whether investment translates into sustainable growth, job creation, and prosperity. According to *Business at OECD* (BIAC)'s 2025 report on the investment climate in LAC, over 80% of surveyed companies identify political instability, corruption, and regulatory unpredictability as the top obstacles to investment. Weak institutions, fragmented regulations, and limited legal certainty continue to hinder the region's competitiveness and its ability to attract long-term capital.

Conversely, the same report shows that LAC countries that have become members of the OECD (Chile, Colombia, Costa Rica, and Mexico) have achieved tangible improvements in transparency, macro-economic stability, and regulatory simplification. These advances underscore the value of OECD membership and the positive role that governance reforms play in strengthening business confidence and social trust.

A moment for renewed leadership

This year's OECD LAC Ministerial on Governance offers a critical opportunity to address these challenges. The private sector urges governments to embrace reforms that advance transparency, accountability, and evidence-based policymaking. Strengthening the rule of law, reducing bureaucratic complexity, and ensuring institutional continuity are essential to unlock the region's investment potential.

Business at OECD emphasizes that governance and integrity are not abstract policy goals—they are concrete economic enablers. When institutions are transparent and predictable, companies can plan, innovate, and expand operations. Strong integrity systems reduce transaction costs, improve competitiveness, and help build a fairer business environment where responsible conduct is rewarded.

Governance for the digital transition and sustainable development

Governance also matters profoundly for emerging policy agendas. Coherent regulatory frameworks are indispensable to manage the digital transformation and sustainable development. As consistently outlined in the work of *Business at OECD*, fragmented rules across LAC hinder data flows, technology adoption, and sustainable innovation. Similarly, as highlighted in our 2025 report *The Risks of Divergence Between Global ESG Reporting Standards*, inconsistent reporting and compliance requirements increase costs and create uncertainty. Effective governance can harmonize these frameworks, enhance trust, and allow LAC economies to fully participate in global value chains.

Key Recommendations for Strengthening Governance in LAC

1. Foster institutional integrity and rule of law

Governance starts with integrity. *Business at OECD*'s 2025 *Letter on the Importance of Integrity Compliance* urges both public and private actors to safeguard anti-corruption frameworks even amid fiscal and political pressures. Governments should strengthen independent institutions, ensure fair enforcement, and promote transparent public procurement. Businesses, for their part, must embed compliance and ethics at the core of corporate decision-making, with leadership accountability at the top.

2. Ensure regulatory quality, regulatory simplification, and predictability

Fragmented and changing regulations remain among the leading deterrents to investment in LAC. *Business at OECD* calls for simplified, stable, and transparent regulatory environments aligned with OECD best practices, such as those outlined in the *Regulatory Policy Outlook*. Governments should institutionalize regulatory impact assessments, consult stakeholders early, and adopt agile governance tools to adapt to innovation without undermining legal certainty.

3. Enhance public-private dialogue for evidence-based policymaking

As seen across OECD countries, strong and regular consultation with business, in particular representatives from business organizations, enhances the quality of governance. Governments in LAC should institutionalize multi-stakeholder mechanisms that allow structured private-sector input into reforms. The OECD High-level Symposium "simplifying for success" that will take place on 17-18 November 2025 will be a key opportunity for officials including from the LAC region to advance this priority.

4. Promote digital governance and data integrity

Good governance must extend to the digital realm. Ensuring interoperable, secure, and trustworthy digital policies—based on OECD privacy and security principles—will foster innovation, data flows, and inclusion. Public–private cooperation is key to advancing digital governance that supports economic growth while protecting citizens' rights.

5. Leverage OECD accession and regional cooperation

Ongoing OECD accession processes in Argentina, Brazil, and Peru represent unique opportunities to drive alignment with international standards. Governments should view accession not merely as a diplomatic milestone but as a vehicle for structural reform. The OECD can play a pivotal role in monitoring commitments and supporting capacity building for good governance.

Business at OECD stands ready to support governments in LAC in strengthening governance frameworks that enable a more transparent, competitive, and sustainable business environment. A stable and rules-based governance architecture will be essential to attracting investment, advancing inclusion, and ensuring long-term prosperity.

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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	**Union of Chambers and Associations of the Private Business Sector (UCCAEP)**
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**
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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)**
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Israel	**Manufacturers' Association of Israel (MAI)**
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Italy	**General Confederation of Italian Industry (Confindustria)**
Italy	**Italian Banking Insurance and Finance Federation (FeBAF)**
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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)**
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Slovenia	**Association of Employers of Slovenia (ZDS)**
Spain	**Confederation of Employers and Industries of Spain (CEOE)**
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