



# Policy Priority Projects

## December 2016

Business at OECD (BIAC) is actively engaged in a wide range of OECD committees and consultations with policy makers at all levels. This paper provides a brief overview of policy work that is currently particularly high on our agenda. It is not intended to be an exhaustive list and does not represent the full range of issues BIAC contributes to throughout the year. Based on our work with the OECD, we contribute to high-level discussions with OECD leadership, Ministers and Ambassadors. Our engagement in the B20 and G20 process ensures a consistent business message and strengthens the dialogue with governments throughout rotating G20 presidencies.



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## Taxation

Further to the release of 15 Base Erosion and Profit Shifting Action Reports in 2015, the G20/OECD BEPS Project is currently looking at areas where additional work was identified. In November 2016, the OECD released the new *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (MLI)*, which will implement minimum standards to counter treaty abuse and to improve dispute resolution mechanisms. The BEPS Inclusive Framework announced in February 2016, which allows for willing jurisdictions to participate in the BEPS project on an equal footing with the OECD/G20 countries, now includes over 100 countries and jurisdictions.

Business at OECD continues to respond on effective implementation of BEPS guidance including on key issues such as permanent establishment, transfer pricing/profit splits and country by country reporting. BIAC recently shared input through three public consultations on BEPS including a regional meeting in the Philippines, and consults actively with the OECD Secretariat around BEPS implementation issues.

In July 2016, the BIAC Tax Committee Chair joined the OECD Secretary-General, G20 Finance Ministers, and other global leaders at a High-Level Tax Symposium in China, which focused on tax policies for innovation-driven and inclusive growth and increasing tax certainty to promote investment and trade. These topics are being taken forward during Germany's G20 Presidency with the support of the OECD. BIAC has consistently championed the need to increase tax certainty through its BEPS advocacy, and is supporting work in this area through the Business Survey on Tax Certainty.

BIAC actively contributes to the OECD's work on the Common Reporting Standard/Automatic Exchange of Information, tax and development, and indirect tax. The BIAC Tax Committee Leadership will meet with a high-level delegation from the Chinese State Administration of Taxation in January 2017, to discuss tax reforms impacting multinational enterprises operating in China.

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## Economics and finance

Work on economics and finance is at the center of the policy agenda of the OECD. BIAC's vital contribution has been recognized by the formal invitation to provide business perspectives in 2017 by participating fully in meetings of the OECD Economic Policy Committee. The BIAC Economic Policy Committee and the Finance Task Force will also contribute to flagship OECD publications like *Going for Growth*, supporting the OECD's involvement in the G20 process and contributing private sector expertise to dialogues on regulatory fragmentation. This work will be taken forward via a joint BIAC/IFAC survey on the costs of regulatory fragmentation in financial services.

Following our participation at the OECD's Global Productivity Forum in Lisbon in 2016, we will advise the OECD Economics Department focusing on key policy issues covering growth, productivity and resilience. An important element in this work will be the publication of a new Business Confidence Survey in June 2017. As in previous years, the BIAC Finance Task Force will actively contribute to the B20/G20 process by hosting a roundtable on financing SMEs in global value chains, coinciding with the B20 Task Force meetings which will take place at the OECD on 21 March 2017.

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## Trade and investment

For business, the OECD's evidence-based work and analysis on trade and investment is groundbreaking, adding value to our members' advocacy with their respective government. In September, G20 leaders reiterated their opposition to protectionism on trade and investment in all its forms and emphasized that the benefits of trade and open markets must be communicated to the wider public more effectively. Building on this and in preparation for the Ministerial Council Meeting in June 2017, BIAAC will continue to call for a strong and visible role of the OECD to explain and communicate the benefits of open markets and to expose and address protectionist actions.

OECD leadership is particularly important at a time when key instruments, like international trade and investment treaties, are under attack. BIAAC emphasizes the fundamental importance of these agreements, including investor-state dispute settlement. BIAAC also continues to highlight the importance of OECD work on state-owned enterprises as well as effective implementation of the OECD Policy Framework for Investment, a unique instrument which helps ensure the establishment of a pro-investment policy. Our work on trade provides the OECD with expert input on trade in services, localization barriers to trade and other emerging barriers to global value chains. We will also encourage the OECD to develop communications to highlight the benefits of trade and investment more forcefully.

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## Responsible business conduct and the fight against bribery and corruption

Responsible business conduct, in particular human rights and supply chain issues, and the *OECD Guidelines for Multinational Enterprises* (MNEs) are top political priorities for OECD member governments. Current work includes a *due diligence guidance* for responsible business conduct. BIAAC expressed strong concerns about the first draft, which was far too detailed to be of practical value to companies. Business will remain actively involved as the draft is being revised, underlining that the final outcome should be a practical, non-binding guidance document, that should not create a new set of rules for human rights due diligence, nor serve as an interpretive note for National Contact Points as they examine complaints against companies.

BIAAC has also stepped up its efforts to ensure that the *OECD Anti-Bribery Convention*, a landmark instrument in the fight against bribery, is applied consistently and that the OECD explores business priorities, such as addressing the demand side of bribery, encouraging voluntary self-disclosure, and addressing corruption at the border through specific collective action projects and cooperation with the private sector. Our role in this area has been further strengthened by the fact that BIAAC serves as a network partner in the German B20 Cross-Cutting Thematic Group on Responsible Business Conduct and Anti-Corruption, which is chaired by Klaus Moosmayer of Siemens, who also chairs the BIAAC Task Force on Anti-Corruption/Bribery.

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## Climate change

The December 2015 Paris Agreement was a key step in addressing global climate change and provides an essential framework for action that will require the full engagement of all major economies. As the focus is now on implementation, BIAC works closely with the OECD to ensure the overall cost effectiveness and coherence of climate measures and a policy environment that is supportive of innovation and investment by all businesses involved.

In September 2016, BIAC, in cooperation with the Major Economies Business Forum, organized a first of its kind conference to share experiences and explore next steps to enhance the role of business in the preparation, review and improvement of national pledges for the Paris Agreement. At the September 2016 OECD Environment Ministerial Meeting, business highlighted the importance of active business engagement in the implementation of the Paris Agreement as well as in the design of strategies for a circular economy. Building on the outcome of the Ministerial, we will contribute to the OECD project on growth, investment and the low-carbon transition, which will support the work on climate and energy by the German G20 Presidency.

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## Good regulatory practice and international regulatory cooperation

BIAC strongly supports OECD work on good regulatory practices and has undertaken a number of activities to advertise the OECD's first Regulatory Policy Outlook. In 2016, BIAC contributed to a series of events, organized by the OECD and BIAC members, promoting stakeholder consultation, regulatory impact assessment and ex-post evaluation of regulations. In August, the BIAC Chair spoke at an APEC conference on Good Regulatory Practice in Lima, Peru, which offered an opportunity to discuss our ongoing cooperation plan on public governance, including with the OECD. To pursue our active engagement on good regulatory practice and international regulatory cooperation, the BIAC Governance Committee is preparing a first BIAC report on the cost of regulatory fragmentation for business, to help shape related OECD public governance and trade activities. This first report will focus on regulations targeting the financial sector and will involve the BIAC Finance Task Force.

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## Health

Public health has become a topic of considerable scrutiny at the OECD—aligning its work closely with that of the World Health Organization. OECD governments are currently exploring policy options on how to 1) reduce risk factors to chronic diseases and 2) increase affordable access to new technologies. In the first area, OECD recommendations favor fiscal measures to reduce consumption of “unhealthy” products and advertising restrictions for such products. In the second area, OECD analysis is calling into question the financing model for new technologies—including pharmaceutical products and medical devices—and offering recommendations that would include treating drug development as public goods.

With the support of our members, BIAC has engaged in proactive dialogue with the OECD and its member governments to promote the value of innovation and partnerships-based prevention to attain better health. In May 2016, BIAC organized a Forum on Innovation in Health and Well-Being, where over 250 participants from public and private sectors exchanged with leading business and government experts on these issues. Following

this exchange, BIAC is invited for the first time to participate in the plenary of the OECD Health Ministerial in January 2017. Health Ministers will discuss the following themes: 1) tackling waste in healthcare systems and spending 2) high-cost treatments and personalized medicine 3) health care professionals' roles and 4) big data in healthcare.

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## Employment, labor and social affairs

The OECD is currently undertaking a review of its *Jobs Strategy*, addressing a broad spectrum of employment related issues, including a new OECD project on collective bargaining that includes a questionnaire for input by BIAC Member Organizations and Observers. The German Government will host an international conference on the *Jobs Strategy* revision in June 2017. BIAC works to ensure that the revised *Jobs Strategy* recommendations focus on a comprehensive approach to employment policy that supports private sector growth, innovation and job creation.

In October 2016, BIAC organized its third workshop on Gender Equality “*Preparing All our Minds for Work: Girls, Women, and learning over a Lifetime*” to present business initiatives that promote lifelong education and training of women, explore questions related to soft skills and career preference, and discuss opportunities that are presented to women by the digital economy to advance their careers.

BIAC provides active support to initiatives promoting youth employment, including apprenticeships through the Global Apprenticeship Network (GAN). BIAC participated in the GAN Board meeting in Washington DC in October, including in discussions with the US Secretary of Labor Tom Perez, OECD and ILO leadership and a number of Ambassadors to the U.S. BIAC is engaged in the German B20 Task Force on Employment and the G20 Employment Task Force process, together with the International Organisation of Employers.

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## The Digital Economy

Following the OECD Ministerial on the Digital Economy in Cancun, the OECD will launch its new project on “*Seizing the Benefits of Digitalization for Growth and Well Being*” on 12 January at a joint conference with the G20 in Berlin. The project will draw on the expertise of a wide range of OECD committees to create a framework for understanding the dimensions of digitalization in specific policy domains, and identify the cross-cutting policy challenges to digital transformation.

In March 2017, BIAC, USCIB and OECD will co-organize a conference in Washington DC on fostering the digital transformation of our economies and the role of the OECD. The conference will address policy frameworks for emerging technologies, realizing commercial benefits and corporate societal responsibilities of digitalization and enhancing trust in the digital ecosystem.

BIAC is a Network Partner of the B20 Task Force on Digitalization providing an important link to OECD work on the digital economy, which has been mandated by the G20, and will organize together with the OECD and the B20 Digitalization Task Force a workshop on data and measurement of the digital economy in March 2017.

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