



“Working Together to Make Trade Work”

**NAEGA MAP Trip Report – OECD BIAC Meeting - Paris, France
May 27-28, 2018**

Names of Travelers:

Katy Lee, Secretariat, International Grain Trade Coalition - IGTC

Dates of Travel:

May 27-28, 2018

Purpose of Travel:

Consistent with advancing NAEGA UES objectives, Katy Lee, Secretariat of the International Grain Trade Coalition (IGTC) travelled to Paris, France on May 27-28, 2018. In Paris, Ms. Lee advanced NAEGA’s objectives of facilitating the trade of GRNOS by assessing the Organization for Economic Cooperation and Development’s (OECD) Business and Industry Advisory Committee, which met of May 27. Primary objectives for the IGTC during these meeting included:

- Observing “Session II” of the BIAC General Assembly which focused on: reports from business-to-business policy committees; the findings of the BIAC Economic Policy Survey; and activities related to B20/G20 and G7.
- Reception led by the Argentine Presidency of the B20.
- Attendance at OECD annual forum titled “What Brings us Together?”

Summary of accomplishments:

Ms. Lee was present for the General Assembly of BIAC as well as the OECD Forum to evaluate the opportunity for the grain trade to provide advice to governments on the impacts of policy decisions and commercial requirements on economics of the world’s food, feed and processing industries.

“What Brings us Together?” was the theme of the OECD Forum, during which OECD Secretary General José Ángel Gurría Treviño and President Macron of France highlighted the need to increase trust in multilateral institutions and bolster their work in areas such as international trade flows, investment and the digital revolution.

The IGTC’s fruitful participation at the event was made possible thanks to collaboration with “Business at OECD – BIAC”, the private sector liaison at OECD, as well as the B20 and its Argentine presidency, led by Daniel Funes de Rioja.

Business at OECD (BIAC) General Assembly – 27 May

During the BIAC General Assembly, the IGTC held observer status. BIAC is a business-to-business forum bringing together major global companies from many sectors and is therefore a significant source of information on the global business climate. In addition, BIAC has privileged access to OECD Ministerial meetings, with the condition that the body remains a neutral representative of the business community (not focusing on any one agenda or sector), and a relevant interlocutor for the 36 OECD member countries.



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Common, non-“self-interested” themes relevant to BIAC appear to be: productivity and business efficiency, labor laws, taxation, regulation, competition, access to knowledge, and OECD (potential) accession countries (Argentina, Brazil, Colombia, Lithuania, Romania).

The impact of government regulation is perhaps the strongest common denominator among all the themes dealt with by BIAC. It should be noted that BIAC aims to position itself between “flexible regulation” and “proportionate regulation” as an overarching principle.

Particularly timely at the General Assembly was the upcoming launch of BIAC’s annual economic policy survey for 2018, which highlights that:

- The business climate remains broadly positive in 2018 with over half (53%) of respondents giving a positive assessment. However, business confidence is more polarized than twelve months ago with a quarter (25%) of respondents saying the climate is ‘weak,’ up from only 8% in 2017.
- A majority of the leading business federations in OECD countries report no significant improvement in the enabling conditions for private investment in the past year and only a fifth expect it to improve in the next twelve months.
- Human capital (including skills and education), innovation policies (including R&D), taxation, public sector efficiency, and infrastructure are the top domestic structural reform priorities for business today. Regarding taxation, business is mostly concerned with distortions and fragmentation in the system.
- A lack of political will, and a lack of political or policy consistency, are considered the biggest obstacles to the successful implementation of pro-growth reforms.

Interesting for the IGTC were the reports from the specific policy committees of BIAC which include: trade; social policy and employment; and the digital economy:

- Regarding the digital economy committee, a very informative report was provided by one of the largest global IT firms who hold the position of committee chairmanship. A positive development is the pro-active approach of OECD governments to draft specific policies on the digital economy, with targets for growth and development. The OECD itself launched a “Going Digital” project in 2017 and will produce a final report in Q2 of 2019. Aside from the positive projections, there was also some concern that over-regulation by governments might “stifle the future by regulating the past”.
- Regarding the trade committee, the chair was able to highlight the intensifying efforts on trade among OECD countries as well as BIAC members. BIAC welcomes the provision of trade statistics of the OECD but would like to see these being better communicated to the outside world. It was noted that societies support economic openness and OECD data can contribute to this. Central to trade are also themes of: the digital economy, education, life-long learning, and cross-border data flows.
- Regarding the investment committee, the chair noted that the current investment climate is volatile and this has a significant impact for businesses. Although GDP is up in OECD countries, investment is down. An open international trade and investment climate would be a positive response to the current environment.



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A reception hosted by the B20 was held after the BIAC General Assembly. Speeches were made from a variety of business representatives. Common themes included: protectionism, the need to be vocal in support for internationalism and multilateralism, global standards, open markets and responsible business conduct.

OECD annual forum: “What Brings us Together?”

Key note speeches were given by OECD Secretary General José Ángel Gurría Treviño and President Macron of France at the opening of the Ministerial segment. In addition, President Dalia Grybauskaitė of Lithuania and President Juan Manuel Santos of Colombia were welcomed and congratulated after the signing of Accession Agreements for the two countries to join the OECD.

The core aim of the annual forum was to promote the role of multilateralism in peace, security and economic growth. Governments were called upon to recommit to the multilateral environment and cooperate on international rules-based trading.

Some of the “tools” developed by the OECD to enable governments to cooperate and make collective progress include: work on Global Value Chains (GVCs); Trade in Value-Added (TiVA); trade and foreign direct investment (FDI); the Services Trade Restrictiveness Index (STRI); and the OECD/G20 Corporate Governance Principles.

Though not a major theme, a persistent topic was greater oversight and transparency into the practices of “State Owned Enterprises” (SOEs) – which now count for 20% of the world’s biggest companies, whose activities are increasing “especially in non-OECD member countries”. Competitive neutrality and well-functioning markets are themes that unite the 36 member governments, who have endorsed the OECD Guidelines on Corporate Governance of State-Owned Enterprises, and call for a global reporting standard for internationally active SOEs, as well as activities to address corruption.

BIAC’s unique role at the annual OECD Forum

Thanks to excellent engagement from businesses and industry associations, as well as strong governance and sustainable resources, BIAC has established itself as an important element to OECD policy making and discussions. BIAC is vocal in its belief that trade is a vehicle for development and economic wellbeing, reiterating that “there is no serious doubt that rising trade integration has brought substantial aggregate gains in terms of efficiency, firm productivity and consumer welfare”.

Every year, the OECD allows BIAC the space to organize a special session at the OECD Forum, which is well attended and carried out in coordination with the B20. BIAC’s positioning was therefore noteworthy at this event – interventions from a range of BIAC members made it clear that the priority of the business community at OECD is to be a “strong supporter of the rules-based international order”. With this backdrop, BIAC’s take-home messages for governments were focused on:

- Support for “effective multilateralism” and its contribution towards growth and prosperity
- The need of both multinational enterprises and SMEs for legal certainty in international markets
- Stable and predictable policy frameworks
- Digital transformation and the digital economy
- Open trade and investment



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- Mobility of people and ideas
- UN 2030 Sustainability Goals
- A call to make OECD facts and data more accessible to better communicate the benefits of trade

RECOMMENDATIONS:

- Evaluate BIAC’s annual economic policy survey and its methodology – is grain trade experience and expertise sought at the time of drafting the survey? How applicable are the findings to GRNOS?
- Evaluate the OECD’s “Going Digital” project that was launched in 2017, and track the progress of the forthcoming final report that is due Q2 2019.
- Evaluate OECD facts and data that can help communicate the benefits of trade, for example in the NAEGA outreach newsletters.
- Evaluate the OECD’s “Codes of Liberalization” and their relevance to the trade facilitation agendas of NAEGA and IGTC.
- Evaluate NAEGA and IGTC’s positioning on global regulatory issues against that of BIAC. This evaluation should be conducted on specific issues such as plant breeding innovation but also more broadly e.g. would NAEGA and IGTC also advocate for a regulatory approach by governments that is between “flexible regulation” and “proportionate regulation”?
- Evaluate BIAC’s support for “international rules-based trading” and “multilateralism” – are there resources that could be used to support NAEGA’s conversations on policy making at national level? What about the call of OECD members and BIAC for more global reporting and transparency of “Stated Owned Enterprises” which now make up 20% of the world’s biggest companies?
- Assess the synergies between BIAC, NAEGA and IGTC on “support for rules-based international order” – can the knowledge convened at BIAC offer support for NAEGA and IGTC in this regard?

ATTACHMENTS:

- *BIAC statement to the 2018 OECD meeting of Ministers*