Setting the Agenda for 2023

Key Issues for Business Engagement with the OECD
Introduction

In preparation for the December 2022 Annual Planning Meeting with our national member organizations, this paper sets out proposed key issues for 2023. It is intended to guide our discussion on current policy priorities, but is in no way meant to be exclusive of other policy areas we cover, as we provide broad-based and comprehensive business input to a wide range of OECD activities including on technical issues. We also underline the importance of cross-cutting work among our policy groups, and will actively contribute to discussions on the OECD accession process, OECD’s support to Ukraine, and OECD outreach activities more broadly. National member organisations are invited to comment during the Annual Planning Meeting on the proposed key issues and share their respective priorities in light of the major geo-political challenges we are facing.

Key Issues for Business

Engagement with the OECD

Ensuring practical implementation of the global tax deal

The OECD has been at the forefront of proposals which will result in fundamental changes in the international tax landscape. Most notably, the recent launch of their two-pillar tax reform proposals would reallocate a portion of the profits of large multinationals to market jurisdictions (Pillar One) and introduce a global minimum effective tax rate of 15% (Pillar Two). For in-scope businesses, these proposals will have an impact across the entire corporate group structure and would likely result in fundamental changes being required to be made to existing tax frameworks and systems. As in-scope businesses will also face significant administrative burdens in implementing these new rules, close dialogue between the OECD and the private sector is essential to ensure that complexity can be minimized wherever possible. We will also continue to engage with the OECD to seek to ensure that the main benefit in the proposals for taxpayers of improved tax certainty will be realized. As we have been actively engaging with the OECD throughout the course of 2022, we will continue to do so as the proposals develop in 2023.

1 Our Business at OECD Policy Group Profiles provide a holistic overview of our activities.
Acting on the root causes of inflation

Across OECD countries, surging prices significantly impact companies and households, and threaten well-established business models. While production costs have drastically increased, the purchasing power of consumers is sharply declining. The Russian war against Ukraine has significantly aggravated inflationary pressures, including in energy, agriculture, and food markets. But price increases were already visible in most G20 economies well before, due to tightening energy markets in 2021, persistent supply chain bottlenecks, and rising freight costs. In 2023, it will be a top priority for us to engage with the OECD across Committees to effectively help address the underlying drivers of price inflation, to act on its root causes to reduce negative impacts on business, while ensuring that an increasing debt burden and interest rates do not result in fiscal policies that further weigh down economic growth.

Securing energy while addressing the climate challenge

Surging energy prices remain a significant challenge for many companies in OECD countries, and are often existential for energy-intensive industries. As this massively impacts overall economic performance, erodes international competitiveness, drives price inflation, and exacerbates supply chain pressures, we will push energy concerns to the heart of the OECD agenda in 2023. The current energy crisis is a game changer, and urgent steps are needed to secure affordable energy access and reduce the energy price burden on business and society. At the same time, this crisis also provides a powerful incentive to decide meaningfully move forward with the energy transition geared towards long-term climate objectives. While the private sector remains committed to address the global challenge of climate change, we must also ensure that companies can have a viable business case to continue the necessary investments in the climate transition. In this regard, we encourage the OECD to work closer with the IEA and address the energy and climate dimensions in a cross-cutting manner.

Defending open markets for resilient supply chains

As OECD business bears an important share of the burden to defend our common values, security, and the global rules-based order, active engagement of the private sector in discussions with the OECD and governments to ensure an open rules-based trade and investment system will be more important than ever. To this end, we will continue our partnership with the OECD to address trade disruptions and investment barriers, promote resilient supply chains, and enable international diversification. As many businesses are highly concerned about efforts to control
and re-shore global value chains, localize production, erode investment safeguards, and decouple economies, we will proactively engage in the debate on resilient supply chains and an OECD strategy to deal with non-likeminded governments going forward. For the private sector, it is clear that open trade and investment provide critical opportunities to create jobs and address environmental challenges and social inequalities. Much more needs be done to advance our trade and investment agenda for the 21st century, support WTO reform, and realize the benefits from digital trade.

**Advancing digital transformation and trusted data flows**

OECD digital policy instruments set global standards for privacy, digital security, broadband connectivity, internet policy cooperation, benchmarking and measurement, and Artificial Intelligence. Throughout 2023, we will work with governments, the OECD and relevant stakeholders to shape this guidance and ensure its practical implementation for enhanced trust and security, with a strong focus on cross-border data flows, governance, and regulatory frameworks that support investment, innovation and digital inclusion. In December 2022, we will participate in the OECD Ministerial on the Digital Economy, which sets the agenda for continued development and implementation of OECD Digital Policy guidance for the coming years. Looking ahead to 2023, policy for a trusted safe, secure and inclusive digital environment will remain high on our agenda in addition to continued focus on policy for emerging technologies such as AI and the Metaverse.

**Attracting and retaining talent in a changing work environment**

As businesses face labor shortages across many sectors, our advocacy with the OECD will focus on elevating this issue as a top priority for OECD analysis and guidance. This will be done through the dissemination of our “Business Needs You” campaign, which outlines tangible government and OECD actions required in this field. We will also provide evidence-based input to the OECD Employment Outlook, a flagship publication that we found missed the mark this year given its focus on collective bargaining as a universal solution to address wage issues and inflationary pressures. In 2023, we will also provide business-to-government dialogue opportunities to outline how employers are pursuing active labor market policies, seizing skills policy opportunities, and fostering diversity and inclusion. Building on the outcome of the OECD Education Ministerial, we will call for education policies to reflect the actual needs of labor markets and address skills mismatches. Our members will also contribute to OECD guidance and initiatives on telework, the use of Artificial Intelligence in recruitment, and living wages.
Keeping the momentum on health resilience

Health resilience and foresight, which we have been advocating this year driven by our successful “Stronger Together” campaign, will take center stage in 2023 through targeted outreach meetings. We will leverage our business efforts to help the OECD and its governments not only apply the lessons from Covid-19, but more broadly invest in innovation, ensure sustainability, and leverage digital tools. At the same time, representatives from the life sciences sectors will respond to an OECD agenda that continues to zoom in on pharmaceutical transparency, the treatment of innovative therapies as global public goods, and innovative payment models to promote value-based healthcare. Representatives from the agri-food sectors will provide input to the OECD’s public health policy projects. These topics will likely feature in the forthcoming 2024 OECD Health Ministers meeting.

Fostering economic recovery through structural reforms

At a time of increased uncertainty regarding the consequences of major global economic and geopolitical challenges, we will continue to call on governments to promote structural reforms to reactivate their economies. In particular, structural reforms need to reduce the indebtedness of the public sector, promote private-sector investment, and reduce the regulatory burden for companies. These policies would contribute to the private sector’s ability to boost productivity, create jobs, and foster economic recovery. Additionally, increased international regulatory cooperation amongst OECD countries is needed, and we call upon the OECD to prioritize this workstream to ease administrative processes for the private sector. Effective engagement with the private sector is crucial to ensure that structural reforms reach their objective of boosting the economic growth.

Ensuring practical frameworks for good corporate management

As the OECD will continue to work on the updates to two of its flagship legal instruments, the OECD Guidelines for Multinational Enterprises (MNEs) and the G20/OECD Corporate Governance principles, our active engagement will be critical to ensure that these instruments remain practical and realistic for business. Taking into account the on-the-ground challenges which companies face, it will be important to ensure that OECD instruments remain practical and can continue to serve as important reference points for businesses as well as key standards in the global arena. Our broad-based business involvement, including in the upcoming OECD Ministerial meeting on responsible business conduct in February 2023, will ensure the revisions of the MNE Guidelines and future initiatives on responsible business conduct reflect private sector needs and business realities.
Bringing down the costs of doing business for SMEs

Small and medium-sized enterprises (SMEs) and entrepreneurs are the backbone of our economies, an integral part in cross-sectoral and cross-regional value chains, and drivers of innovative business models. Yet, post-pandemic recovery for them will not be a return to business as usual, as many SMEs are still struggling with the effects of the pandemic and have been at the front line of inflationary energy price surges. At the same time, excessively complex and burdensome legislation disproportionately weighs in on smaller businesses, and risks taking away scarce resources from business investment and job creation. In 2023 we will continue to promote policies that are needed to help SMEs weather this storm. We will also continue our active dialogue with the OECD on SME digitalization through the D4SME Initiative, and through our engagement, prioritizing easing access to finance, reducing red tape and tackling the skills gaps.

Ensuring global food security

Decisive action to improve the productivity and sustainability of our global food systems is urgent, in particular in light of the current geopolitical situation. But it can only be achieved through close public-private collaboration, international dialogue, and an improved domestic and trade policy environment to incentivize the needed private investment. In 2022, we launched our Peace for Food campaign, the initial outcome of which we highlighted at the November 2022 OECD Agriculture Ministerial. The Ministerial gave the OECD a strong mandate to reinforce its work in this area. Working with our members, farm groups and other major stakeholders across the food supply chain, we will further step up our Peace for Food campaign in 2023 to explore concrete opportunities for the public and private sectors to work together to build secure, sustainable, and resilient global food systems.