

### In This Issue

- ◆ Japanese banking executive named as the next BIAC Secretary General
- ◆ BIAC's Toronto Roundtable highlights global energy investment requirements
- ◆ BIAC participates directly in full day discussions of the OECD Environment Policy Committee
- ◆ Chemicals Committee meeting held in Bonn, Germany
- ◆ BIAC plays key role at OECD-APEC conference on SMEs
- ◆ Environment and Export Credits: BIAC calls on OECD to reduce the gap in standards with non-OECD members
- ◆ Better, not more, corporate governance regulation is welcome by business
- ◆ Calendar of upcoming meetings

### Message from the Secretary General



#### OECD and the changing trade policy environment

Over the past year, we have seen multiple calls on governments – including BIAC's open letters to Ministers – to address the impasse at the WTO and the failure of reaching a successful conclusion to the Doha Development Round of trade negotiations. The suspension of the DDA negotiations, which came to the surprise of many, represents a harsh set back for the global trading system as it means a direct loss of economic opportunities. As governments grow weary from the efforts to resolve the situation, they are increasingly being put under pressure to strengthening their economies through the use of bilateral and regional trade initiatives.

The new EU trade policy strategy presented by Commissioner Peter Mandelson in October confirms this trend that is under way. Although Mr. Mandelson reaffirms the EU's commitment to the multilateral trading system, his new strategy also emphasises, stronger than in the past, the need for economically meaningful bilateral and regional trade deals with Asian and other emerging trade powers.

Given the current deadlock of the global trade talks under the WTO, it is fair to take a look at the potential that bilateral trade deals may offer. If constructed properly and for the right reasons (economic efficiency as opposed to foreign political goals), agreements with important emerging trading partners can help boosting bilateral trade and investment. But let's not fool ourselves about the potential of bilateral initiatives. Bilaterals are by no means an easy undertaking. The EU-Mercosur negotiations have failed so far as well as the U.S. attempt to create a Free Trade Area of the Americas. Regional deals often complicate trade, potentially divert it and exclude all who are not signatories. Nevertheless, despite their potential pitfalls, they are the only option left in case the DDA will fail and the chance for this is real.

Now what does the changed policy environment mean for the OECD? BIAC remains committed to ambitious liberalisation of trade in agriculture, industrial goods and services in the DDA and beyond. We see the OECD as a key player in building confidence in and support for the global trading system. OECD's analytical work is an important base for the DDA negotiations – which should be resumed as soon as possible. However, regional and bilateral free trade agreements are a reality, and they should be supported by OECD policy guidance so that future free trade agreements will be compatible and help promote a multilateral process. In both multilateral and regional trade liberalisation, how to eliminate non-tariff barriers, often the most important impediment for companies' internationalisation, will have to be among the main questions addressed in the future. Moreover, the OECD must reach out to China and other developing countries to indicate to them better avenues for their integration into the world economy.

One cannot speak of trade in isolation from other activities, and BIAC recognises this in our work. Trade is closely linked with investment, and non-tariff barriers are also often major investment impediments. BIAC's Trade Committee therefore will be interfacing with BIAC's Investment Committee accordingly. This also naturally touches BIAC's work on governance, in addition to the joint work BIAC is already doing on trade and agriculture. Working together across disciplines, with the understanding that these issues impact each other, is the precise reason that business will always view trade through the international prism.

## News

### Japanese banking executive named as the next BIAC Secretary General

Mr. Tadahiro Asami, Advisor to the President of the Institute for International Monetary Affairs (IIMA), will become Secretary General of BIAC at the end of the year. Mr. Asami will be replacing Thomas R. Vant, who has managed the Secretary General responsibilities for the past 3 1/2 years.

"I look forward to continuing BIAC's strong relationship with the OECD", says Asami, "as the OECD has been a driving force in developing and supporting government economic growth plans. As a champion of open markets and a developer of fact-based analysis, the OECD plays an increasingly important role in understanding, explaining, and making policy recommendations to maximise the benefits and to tackle the challenges of globalisation."

Mr. Asami has been immersed in international finance for more than forty years, beginning his career with the Bank of Tokyo (now called the Bank of Tokyo-Mitsubishi UFJ, Ltd.



Mr. Tadahiro Asami

after its merger). With extensive experience in the fields of capital market, project finance, corporate and emerging market finance, from bases in Tokyo, London and New York, he dealt with financial crisis including Latin America in the 1980s and Asia in the late 1990s. He has also served at the World Bank and the Asian Development Bank.

At the Institute for International Monetary Affairs (IIMA), a non-profit research institute for international monetary studies established in 1995, Mr. Asami has provided high-quality information, and presented opinions relating to international finance and monetary issues to both Japanese and International bodies.

For more information, please contact Mark Primmer ([mark.primmer@biac.org](mailto:mark.primmer@biac.org)).

## ENVIRONMENT

### BIAC participates directly in full day discussions of the OECD Environment Policy Committee

BIAC has come a long way with regard to improving its interaction with the OECD Environment Policy Committee. Major achievements in the consultation process are being exemplified by the fact that, at the 26-27 October OECD Environment Policy Committee meeting in Krakow, BIAC was invited to participate directly in the entire first day, thus allowing for a direct dialogue with all member governments present. Prominent on the agenda was a discussion on the new OECD Environmental Outlook to 2030, which is being prepared as an important contribution to the 2008 OECD Environment Ministerial meeting.

In contributing to the Environmental Outlook, BIAC appreciated the emerging key messages on the need for increased cooperation between OECD and non-OECD countries, the call for governments to identify least-cost policy solutions and the recognition to address competitiveness issues. However, BIAC commented more critically with regard to the outlook of certain industry sectors and the analysis of

the 'cost of policy inaction'. BIAC underlined that the specifics of each industry sector, and improvements made by them, need to be given the necessary attention. Detailed written comments are in the process of being prepared.

The one day meeting of EPOC also included a stakeholder luncheon consultation, where BIAC gave its comments on the follow-up to the joint meeting of OECD Environment and Development Ministers held earlier this year. BIAC also addressed the importance of integrating non-member countries in the regular work of EPOC, for example through OECD's environment performance review programme and current work on evaluating the effectiveness of environmental partnerships.

For more information about BIAC's work on Environment issues, please contact Hanni Rosenbaum ([rosenbaum@biac.org](mailto:rosenbaum@biac.org)).

## News

### ENERGY

#### **BIAC's Toronto Roundtable highlights global investment requirements**

"China will overtake the United States as the world's biggest energy related carbon-dioxide emitter before 2010," says Ambassador William C. Ramsay, Deputy Executive Director of the International Energy Agency (IEA). "China's emissions will more than double between 2004 and 2030, driven by strong economic growth and heavy reliance on coal in power generation and industry."



Amb. William Ramsay

Speaking at the Toronto Energy Roundtable, organised by BIAC together with our Canadian member

the Canadian Chamber of Commerce, and in cooperation with the Toronto Board of Trade, Ambassador Ramsay presented the main findings of the 2006 IEA World Energy Outlook to close to 200 senior government and business leaders. "Meeting the world's growing hunger for energy requires massive investment in energy-supply infrastructure. The IEA's Reference Scenario projections call for cumulative

investment of just over \$20 trillion over 2005-2030, an increase of \$3 trillion from previous projections mainly due to higher unit capital cost," said Ambassador Ramsay.

BIAC Vice-Chair Mr. George N. Addy opened the event stating that "addressing energy concerns is a complex task. It requires a multifaceted approach that takes into account the interest of energy suppliers, consumers and governments. Within this set of interests, both governments and business need to be encouraged to develop long-term, secure, reliable and sustainable energy systems that will serve the interest of all."

While governments have a crucial role to play in setting predictable policy and adequate framework conditions for investment in the energy sector, business is indispensable in ensuring a secure and reliable energy system for all. "Mobilising the required investment will be a challenge for the coming decade, and underlines the importance of a competitive energy sector," added Mr. Volker Heck, Chair of BIAC Energy Committee.

BIAC is working closely with both the IEA and the OECD to raise the energy issue on the broader policy agenda, and will bring Energy to the table at its annual Consultation with OECD Ambassadors in December.

For further information about BIAC's work on Energy, please contact Hanni Rosenbaum ([rosenbaum@biac.org](mailto:rosenbaum@biac.org)).

### CHEMICALS

#### **Chemicals Committee meeting held in Bonn, Germany**

BIAC is actively involved in the OECD environment, health and safety programme, which helps governments reduce barriers to trade, optimise the use of resources, and saves time and money through the co-operative work on chemicals, pesticides and the products of biotechnology. In particular, BIAC contributes to the OECD's technical work to promote cost-effectiveness of policy measures by ensuring consistency and coherence in chemicals management. At the same time, BIAC has called upon the OECD to step up its contribution to the implementation of the Strategic Approach to International Chemicals Management (SAICM). As the only economic organisation involved in this process, OECD has an important role to play in ensuring that the economic perspective is duly reflected in global discussions in this area.

In this context, a special session on plans for implementation of SAICM and the role of OECD in this area

was held at the OECD Joint Meeting of the OECD Chemicals Committee and the Working Party on Chemicals, Pesticides and Biotechnology, which took place in Bonn, Germany, on 15-17 November. In addition to the range of projects BIAC regularly contributes to, including for example work on existing chemicals, new chemical notification, pesticides, test guidelines, the OECD Joint Meeting also considered the draft programme of work on the safety of manufactured nanomaterials, an issue recently launched as part of the environment, health and safety programme.

To prepare BIAC's contribution to the Joint Meeting, the BIAC Chemicals Committee met the day before on 14 November in Bonn.

For more information, please contact Hanni Rosenbaum ([rosenbaum@biac.org](mailto:rosenbaum@biac.org)).

## News

### SMALL AND MEDIUM-SIZED ENTERPRISES

#### BIAC plays key role at OECD-APEC conference on SMEs

For small and medium-sized firms (SMEs), accessing international markets is not a simple task, and governments are in a prime position to help lower the barriers for SME internationalisation. This was the overarching theme at the OECD-APEC Global Conference on *Removing Barriers to SME Access to International Markets*, which took place in Athens, Greece, November 6-8. BIAC members played a key role at the conference, which attracted more than 300 participants including SMEs, government representatives and academics, from OECD and APEC countries.



(L-R) Mr. Efstathios Zafrantzas, OECD Working Party on SMEs & Entrepreneurship Vice Chair and Mr. Anton van der Lande, Vice President, United Parcel Service (UPS) at the Plenary Session

BIAC provided opening keynote speakers, including Mr. Anton Van Der Lande from United Parcel Service, and Mrs. Signhild Arnegard-Hansen, Chairman of Svenska Chips in Sweden, who presented views from both multinational enterprises (MNEs) and SMEs on what kind of challenges

and opportunities are SMEs facing as they internationalise, as well as how can SMEs best internationalise in association with MNEs for their mutual benefit. Follow on workshops explored the barriers that exist both internal and external to a firm, where several BIAC experts contributed to the discussions.

BIAC also announced its joint initiative with OECD to launch a web portal for SMEs to facilitate SME access to international markets. In support of the proposal made by Mr. Dimitris Sioufas, Minister of Development for Greece, this private sector initiative aims to improve information flows to SMEs and

provide a platform for possible cooperation between MNEs and SMEs.

For further information about BIAC's work on SMEs, and the BIAC-OECD initiative, please contact Mark Primmer ([mark.primmer@biac.org](mailto:mark.primmer@biac.org)).

### EXPORT CREDITS

#### Environment and Export Credits: BIAC calls on OECD to reduce the gap in standards with non-OECD members

In a statement submitted to the OECD Export Credit Group in early November, BIAC questioned the OECD's seriousness in reducing the gap between high environmental standards applied to capital goods exporters in OECD countries, and the standards applied by major capital goods exporting non-OECD countries.

BIAC appreciates the OECD's intention to adequately address environmental concerns related to officially supported export credits in the context of the revision of its own guidelines on this topic, and also endorses the Organisation's objective to encourage non-member countries to apply OECD standards.

However, BIAC made it clear that the OECD's proposals have the potential to further widen the gap in standards and to threaten the practicability and international competitiveness of export credits supported by OECD export credit agencies

– in particular the OECD's planned expansion of the environmental guidelines to social issues.

As an instrument for export promotion, export credits are hardly suited to pursue broader developmental goals including the protection of human rights and the respect for social standards. Including social criteria would mean tasking OECD export credit agencies with more functions that they are neither competent nor legitimized to execute.

BIAC included in its statement proposals that would reduce excessive bureaucracy and costs related to environmental impact assessments, thereby making officially supported export credits more competitive and attractive for business.

For further information about BIAC's work on Export Credits, please contact Dirk Manske ([manske@biac.org](mailto:manske@biac.org)).

## News

### CORPORATE GOVERNANCE

#### Better regulation is welcome by business

There is a need for better regulation, not more, says OECD business. Speaking at its first consultation in two years with the OECD Steering Group on Corporate Governance, BIAC highlighted the challenges presented by the impact of over-regulation, as governments and agencies sometimes produce conflicting rules in their efforts to regulate.

Meeting on early November, BIAC had a constructive exchange of views with the Organisation about the OECD's future work programme; in particular, the BIAC delegation supported the OECD's plan to conduct analysis on how to achieve better regulation. BIAC and the OECD agreed that "better" often means "less" regulation, as BIAC drew the OECD's attention to some examples of costly and inefficient over-regulation in both OECD and non-OECD countries.

BIAC also expressed support for OECD analysis on the market for corporate control, provided that this work would aim at identifying barriers to mergers and acquisition in the area of corporate governance, and through this, feed into the current OECD work programme on investment protectionism.

From the discussion and the Chair's summary it became clear that these BIAC points were well taken, as well as several other suggestions, including BIAC's call for a more regular dialogue with the OECD Steering Group on Corporate Governance.

For more information about BIAC's work on Corporate Governance, please contact Dirk Manske ([manske@biac.org](mailto:manske@biac.org)).

#### UPCOMING BIAC AND OECD MEETING DATES (BIAC meetings in bold type)

<b>November</b>	20-21	OECD Global Forum on Agriculture on Policy Developments in Non-Member Economies
	20-21	OECD Workshop on Emerging Research Models for Delivery of Health Innovation
	27	OECD Expert Meeting on Pharmaceutical Pricing Policy
	29-30	OECD Global Forum on Public-Private Partnerships in the Water Supply and Sanitation Sector
	30-1 Dec.	OECD Thematic Review of Tertiary Education - 3rd Workshop of Participating Countries (Prague, Czech Republic)
<b>December</b>	4-5	International Workshop on "Institutional Diversity: Rankings and Typologies in Higher Education" (Bonn, Germany)
	5	Meeting of the BIAC MNE Committee
	6	OECD Roundtable on "Freedom for Investment, National Security and Strategic Sectors"
	6	OECD TIP Workshop on Globalisation and Open Innovation (The Hague, Netherlands)
	7	BIAC/TUAC/OECD Watch Consultation with OECD on "OECD Principles for Private Sector Participation in Infrastructure"
	7-8	OECD Working Party on Innovation and Technology Policy (TIP) (The Hague, Netherlands)
	7-8	OECD Special Group on Regulatory Policy
	11	OECD Workshop on "The measurement of economic and other impacts of biotechnology"
	11-12	<b>Meeting of the BIAC Ad Hoc Group on Private Pensions and participation in the OECD Working Party on Private Pensions</b>
	12	<b>BIAC Consultation with OECD Liaison Committee: "Freedom for Investment, and the Challenges for Energy and Raw Materials Security"</b>
	12-13	OECD-NEPAD High-Level Roundtable on "Mobilising Private Investment in Africa in Support of Development: Laying the Foundations for Sustained Progress" (Brazzaville, Congo)
	12-13	OECD Working Party on Communication Infrastructures and Services Policy (CISP)
	14-15	OECD Working Party on the Information Economy (WPIE)