



Business and Industry Advisory Committee to the OECD

Comité Consultatif Economique et Industriel Auprès de l' OCDE

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Business Organisation Addresses OECD 2004 Ministerial: Global "Outsourcing" no Justification for Protectionism and Government Intervention

Commenting on a major project undertaken by the OECD on Trade and Structural Adjustment, business from OECD member countries, represented by the Business and Industry Advisory Committee to the OECD (BIAC), today warned OECD Ministers against using the ongoing global "outsourcing" debate in OECD member countries as a justification for protectionism and government interference into the economy. As was the case for the manufacturing sector in the past, today the service sector is being reshaped by similar international developments. However, this should not be cause for overreaction "Just as low-wage China has not taken all of the manufacturing capability in OECD countries, low-wage India is not going to absorb all of our service sector production", said Roy Ryu, the newly elected Korean Chairman of BIAC.

For world-wide operating companies the question of global "outsourcing" is not new, as it has been taking place in industrial sectors for some years. "Protectionist or interventionist policies which keep business from adapting to the constantly evolving economic situation must be rejected", adds Ryu.

BIAC asks OECD governments instead to implement policies which encourage economic growth, spur trade and thus offer companies the opportunity to create employment. Global outsourcing is not a zero-sum game, and in the end can bring many new opportunities for employment and growth to countries. To help business to adapt to these changes, governments must be ready to engage in the necessary structural policy reforms.

The 38 main business federations from 30 OECD countries belonging to BIAC and the companies they represent will continue to take the discussions on corporate governance seriously and participate actively in the elaboration and revision of corporate governance laws and codes in their countries.

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