



Business and Industry Advisory Committee to the **OECD**

Comité Consultatif Economique et Industriel Auprès de l' **OCDE**

MANAGING COMPETITIVENESS IN A CHANGING WORLD

Discussion Paper for the Consultation with the OECD Liaison Committee

30 NOVEMBER 2004

BIAC is pleased to submit this discussion paper to the 2004 Liaison Committee Meeting with Representatives of the Business and Industry Advisory Committee to the OECD.

In addition to our key messages regarding the OECD Jobs Strategy Reassessment, this paper includes two additional discussion documents addressing Anti-Counterfeiting and the Solicitation of Bribes.

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EXECUTIVE SUMMARY

Today, managing business competitiveness takes place in an increasingly complex and dynamic global setting. In this context, BIAC stresses the significance of the OECD Jobs Strategy, as an important horizontal OECD project, addressing challenges faced by OECD business and economies, in particular as they impact economic growth and employment.

It has been a long standing BIAC policy message that the way to competitiveness and employment creation should be through more efficiency and flexibility in the overall labour market. Furthermore, economic growth continues to be the most important basis for reducing widespread unemployment and for increasing employment across all groups of society. However, major reforms must be implemented by governments in order to achieve these results. The Jobs Strategy Recommendations are of great importance to business in this context.

Changing business models and trading patterns, the consequence of increased international investment, continue to stir up public debate. Widespread misconceptions regarding the benefits and perceived costs of trade liberalisation and investment, and the impact on jobs, can lead policy makers to implement protectionist measures that are harmful to the world economy as a whole. OECD fact based analysis, including the Jobs Strategy reassessment, is critical to address misperceptions and pre-empt protectionist policies.

To this end, we believe that the OECD Job Strategy must continue to target increasing *labour market participation* and increasing awareness about the effects of *over-regulation* and lack of *flexibility* in labour markets across OECD economies. The analysis being undertaken as part of the Reassessment is critical in support of these objectives.

With the Objective to contribute business evidence as part of the revision of the Jobs Strategy Recommendations, BIAC has launched a survey to collect business views regarding each of the recommendations. Emerging themes of the survey responses are generally linked to five priority areas for Business:

- Foster conditions for sustainable growth, in Conjunction with Structural Reform
- Stimulation of Entrepreneurship
- The Need for Flexibility to Manage Human Resources
- Activation of All Groups to Work
- Encouraging Investment in Human Capital Formation and the Promotion of Lifelong Learning

BIAC sees the Recommendations as complementary to one another, and stress the same message with respect to related work being undertaken across the OECD, for example relative to work on trade, regulatory reform, competition, emerging technologies and investment, as well as with respect to OECD outreach. BIAC stresses the importance of horizontal cooperation at OECD to contribute to the successful revision, and future implementation of the Jobs Strategy Recommendations.

I. INTRODUCTION

BIAC appreciates the opportunity to engage in a discussion with OECD Ambassadors on the topic of “Managing Competitiveness in a Changing World”. We have chosen this topic in light of the current OECD exercise to reassess the OECD Jobs Strategy Recommendations (the Recommendations), which we believe are of great importance to strengthening the competitiveness of companies.

It has been a long standing BIAC policy message that sustainable economic growth continues to be the most important basis for reducing widespread unemployment and for increasing employment across all groups of society. Furthermore, the way to competitiveness and job creation should be through more efficiency and flexibility in the overall labour market in conjunction with lifelong learning. Economic growth is essential to building capacity for job creation in a time when we are facing aging societies and need to activate all groups to work. It is also the necessary basis for economies to shift from social protection to more innovative adaptable frameworks for employment creation.

In the context of the current revision of the Jobs Strategy, BIAC has launched a member survey to gather evidence on the effectiveness of the Recommendations from the Business perspective. Our objective is to develop an analytical report based on business evidence that will identify business suggestions for any changes or additions to the current OECD text. This analysis will be completed in 2005, and we hope that it will provide a positive contribution to the OECD Jobs Strategy.

As we continue to collect evidence, we felt it timely to begin discussion of the current OECD Job Strategy Recommendations from the business perspective, in order to support the reassessment as it goes forward. In this context, our paper focuses on the following:

- Challenges to competitiveness in today's world
- The importance of the OECD Jobs Strategy Recommendations for business
- BIAC Recommendations for the Jobs Strategy Reassessment

II. CHALLENGES TO COMPETITIVENESS IN TODAY'S WORLD

New patterns of industrial production have major implications for business and society. Comparative advantages are shifting, new sources of competition are being created and the not so new phenomenon of “outsourcing” is raising concerns in both policymakers and in the broader public. These changes are a response to a multiplicity of factors, amongst them shifts in comparative advantages, new sources of competition, advances in technology and communications and changing consumer preferences.

Companies engaged in worldwide sourcing and international investment increasingly find themselves in a defensive position vis-à-vis public opinion and policy makers. Changing business models and trading patterns, consequences of increased international investment continue to stir up public debate. The old and simplified model of a multinational enterprise setting up a plant in a host country no longer corresponds to the reality of much international investment as it exists today.

In September 2004, BIAC sought to examine changes in national and global economic climate expectations by the OECD business community. BIAC's recently published Economic Review summarizes our findings.¹

¹ BIAC Economic Review, October 2004; www.biac.org/pubs/econ/biac-econ-review-1-2.pdf

While there may be some variation across countries and sectors, generally the member input shows the persistence of optimistic expectations for global economic recovery over the next six months. Our members have communicated positive expectations for manufacturing, services, and the energy sector, with the exception of agriculture. Members have suggested an upward trend in new investment in the manufacturing sector that reflects business confidence stemming from historically low interest rates. Other important events such as the enlargement of the European Union, the July Framework Agreements revitalizing the WTO Doha Development Agenda, and the continued integration of China and India as major trading partners, are also impacting businesses' positive expectations.

While the latest BIAC Economic Review foresees a recovery in the business climate, we also foresee a modest deterioration in consumer confidence due mainly to uncertainty triggered by persistent unemployment, reluctance by governments to implement structural reforms and anticipated higher interest rates. Fiscal policies are also a source of continued concern, in particular those that are a burden on small and medium size enterprises.

Furthermore, continued variability of oil prices, demographic changes (in particular aging populations), rapid technological development and associated information security concerns are impacting business models and decisions. The result is mounting production and labour compensation costs (payroll and related benefits), as well as rising costs related to pension and health care.

To remain competitive requires the capacity to respond to such changing and dynamic circumstances. In this context, **BIAC sees the Jobs Strategy Recommendations as more important than ever** to provide comprehensive, integrated policy guidance that is essential to enhanced competitiveness and sustainable economic growth.

III. THE IMPORTANCE OF THE OECD JOBS STRATEGY RECOMMENDATIONS FOR BUSINESS

When discussing the OECD Job Strategy Recommendations, and its reassessment, it is helpful to review the current Recommendations themselves:

The OECD Jobs Strategy

1. Set macroeconomic policy such that it will both encourage growth and, in conjunction with good structural policies, make it sustainable, *i.e.* non-inflationary.
2. Enhance the creation and diffusion of technological know-how by improving frameworks for its development.
3. Increase flexibility of working-time (both short-term and lifetime) voluntarily sought by workers and employers.
4. Nurture an entrepreneurial climate by eliminating impediments to, and restrictions on, the creation and expansion of enterprises.
5. Make wage and labour costs more flexible by removing restrictions that prevent wages from reflecting local conditions and individual skill levels, in particular of younger workers.
6. Reform employment security provisions that inhibit the expansion of employment in the private sector.
7. Strengthen the emphasis on active labour market policies and reinforce their effectiveness.
8. Improve labour force skills and competencies through wide-ranging changes in education and training systems.
9. Reform unemployment and related benefit systems – and their interactions with the tax system – such that societies' fundamental equity goals are achieved in ways that impinge far less on the efficient functioning of the labour markets.
10. Enhance product market competition so as to reduce monopolistic tendencies and weaken insider-outsider mechanisms while also contributing to a more innovative and dynamic economy.

Source: OECD

BIAC's primary concern in the OECD Jobs Strategy Reassessment is that the Recommendations remain focused on the necessary structural policies to build capacity for job creation, enhanced productivity, and sustainable economic growth.

As such, we see the following five policy priorities as fundamental to and objectives of this endeavour:

- Foster Conditions for Sustainable Growth, in Conjunction with Structural reform
- Stimulation of Entrepreneurship
- The Need for Flexibility to Manage Human Resources
- Activation of All Groups to Work
- Encouraging Investment in Human Capital Formation and the Promotion of Lifelong Learning

Preliminary findings from the BIAC Job Strategy Reassessment Survey affirm these priorities. The following is a summary of BIAC views for each priority area:

Foster Conditions for Sustainable Growth, in Conjunction with Structural Reform

To stimulate economic growth and in turn reduce unemployment in all economies, it is necessary to have good public governance and the implementation of appropriate macro-economic policy and regulatory frameworks that promote competition, innovation and entrepreneurial activity.

Trade and investment liberalisation are instrumental in fostering economic growth, creating wealth and improving labour conditions, and will result in a better division of labour between countries based on comparative advantage. Foreign direct investment (FDI) generates not just capital, but increased knowledge and skills in an economy. It promotes a focus on productivity improvement, management skills and facilitates integrated links to markets.

Attracting FDI requires creating an attractive environment for investment, which includes government accountability and transparency, capital mobility, labour market flexibility, human resource development and infrastructure. With increasing economic integration, rigidities in the labour markets of developing countries and developed countries also need to be addressed.

The development and implementation of new technologies, and their applications across sectors are a key source and driver of economic growth and job creation. Policy frameworks that support technology and innovation are thus critical. Pro-competitive regulatory frameworks and partnership with industry are essential to allowing new technologies to flourish. This is especially important with respect to emerging technologies such as Biotechnology.

Product market competition promotes new job creation by enhancing free market entry and exit into the market. The life cycle of young firms depends upon innovative capacity and productivity. Thus facilitating new entry by removing disincentives and barriers to investment through optimal regulatory frameworks provides for more innovative capacity and productivity improvements to the economy as a whole. The quality of business regulation and institutions are major determinants for private sector investment and thus for employment creation.

Stimulation of Entrepreneurship

A policy environment that supports the creation of new businesses and encourages entrepreneurship is key to creating more jobs. Regulatory frameworks that are transparent, understandable, unbureaucratic and pro-competitive are essential to stimulate business creation and expansion that may otherwise be discouraged by excessive administrative burdens and costs. Creation of new businesses also relies on access to technology and e-business, financial capital, and a skilled labour pool that results from quality education and the accessibility of lifelong learning. Taxation and fiscal policies that support entrepreneurship are also essential.

Particular attention should also be paid to encouraging self-employment and improving the conditions for the creation and growth of micro-businesses and Small and Medium Sized Enterprises (SMEs), which play a crucial role in job creation. At the June 2004 OECD Ministerial conference on SMEs, BIAC recommended the following policies as particularly relevant to SMEs: Investment in entrepreneurship education and promoting lifelong learning; strengthening access to technology and e-business; reducing and simplifying administrative regulation and costs; facilitating access to financing; enhancing the roles of SMEs for development.

The Need for Flexibility to Manage Human Resources

Companies and employees require flexibility in the labour market in order to respond to market shifts, customer needs and competitive pressures. Strict employment protection legislation (EPL), can lead to a decreased competitiveness of firms, and have detrimental effects on employment.

Companies need to be able to respond more rapidly and efficiently to economic changes. For this they need policy tools that allow for a more flexible work organisation (e.g. flexibility in terms of working hours, and the hiring of temporary workers). Labour laws and employment policies need to be advanced to allow for more adaptability and to reduce regulatory and administrative burdens. As such, existing protective measures should be reviewed and modernised. The recent wave of companies that have increased working hours per week demonstrates that structural change is possible. Such adaptability is critical with increasing cost pressure from competition from lower cost regions.

It is also necessary to reform the conventional seniority-based wage systems towards more skill- and performance-based systems taking into account employees' intentions and companies' conditions. Pay rises are often too closely linked with the duration of the number of years worked. This places growing pressure on business not to hire older workers or to encourage older workers towards an early exit into pensions. Therefore, in order to remove employment barriers for older workers, remuneration systems need to be adjusted. Age-related pay increases should be gradually reduced.

Another issue of particular concern to business is wage and non-wage labour costs. Non-wage labour costs, such as health care and pensions, are an increasing source of cost pressure on companies and are areas in need of reform. This is especially urgent given aging populations.

Activation of All Groups to Work

“Making work pay”, that is, implementing strategies that provide the necessary incentives for all individuals to seek and accept employment, is essential. Those receiving income support should be encouraged to resume work. The modernisation of social security systems and the implementation of tax policies that activate the unemployed to seek new employment are essential to achieving this objective.

There is a need for continued reform of taxation and fiscal policies that impact both employers and those seeking work. Excessive income taxation, and high non-wage labour costs, can be a real barrier to employment, in particular with regard to unskilled or low skilled workers. Reforming and modernising tax and benefit systems, including strict enforcement against fraud, is vitally important.

Support for job search and provisions for additional training that is necessary to enter the labour market are also important and should be accessible to all groups. It is crucial to focus on active and rapid job search assistance, in addition to improving the quality of the general job brokerage systems. Such services should take into account the needs of both the unemployed and companies. Matching between companies' needs and job seekers' skills must be improved, which could be facilitated by closer liaison of employment services and educational institutions with the private sector.

Efficiency of (public) employment services should be optimised. The introduction of private agents and market mechanisms has proved to give positive results in different member countries.

Public employment services should therefore work closely with employers and become more flexible to adapt to the needs of a changing labour market.

We note from examples provided in the 2004 Employment outlook, that some countries, for example Denmark, have had great success with their reactivation strategies. It is important to examine and learn from various approaches taken. However, each system must tailor its programs according to local conditions, but with the common goal of getting people to work.

Encouraging Investment in Human Capital Formation and Promotion of Lifelong Learning

The quality of human capital is a key contributor to innovation and economic growth and is all the more important in the context of a knowledge based society. An efficient education system at all levels, adapted to the needs of the labour market, and the improvement of skills and employability are crucial to continued economic growth and increased employment.

Higher levels of education and training (development of relevant competencies), including life long learning, reduce the risk of unemployment and increase chances of finding work, while lower levels of education contribute to vulnerability in the labour market. Thus, encouraging the workforce to improve their skills and respond to changing labour market requirements is instrumental to tackling unemployment and to enhance the adaptability of companies and workers.

Both employers and employees have a major responsibility with regard to further training and life long learning. Employees need to take initiative to develop transferable skills and be receptive to learning that is not exclusively job- or firm-specific. Employers can provide development opportunities at the workplace as well as firm- and job-specific training.

Knowledge is a source of economic growth. As was discussed at the November 2004 joint BIAC TUAC LMP meeting, enhancing the synergies and partnerships between business, government and educational institutions is key to unleashing potential of individuals to embrace opportunities offered in today's global economy. It is also key to supporting innovation not only in research, but in developing institutional frameworks that are better adapted to meet the demands of the globalised economy.

IV. BIAC RECOMMENDATIONS FOR THE JOBS STRATEGY REASSESSMENT

We have reviewed with interest initial work done by the Working Party 1 of the Economic Policy Committee on implementation of the Jobs Strategy Recommendations. While this initial analysis shows that more or less implementation of each recommendation may have been achieved in OECD countries during the past ten years, we stress that the current Recommendations remain valid. Thus governments should continue to work towards the successful implementation of the current recommendations.

We also recognise that the recommendations are necessarily complementary to each other, stressing that each recommendation should not be considered in isolation or as a solution in of itself. We note this emphasis in the 2004 Employment Outlook with the objective of avoiding a too narrow path to economic and social objectives, and support this approach. However, this should not serve to dilute the discipline of implementing necessary structural reforms.

A challenge of the current Reassessment is how to drill deeper into each policy recommendation with the possibility to provide more detailed guidance. This is where case examples can provide valuable experience. At the same time, a "one size fits all" approach is not feasible due to the many differences across OECD countries. Countries should be able to tailor guidance of the Recommendations according to their local needs.

The revised Jobs Strategy should take into the account dynamic globalised setting, including the importance of engaging developing countries and their workforce in the international economy. Issues currently not directly covered by the current Jobs Strategy recommendations such as geographical mobility and family friendly polices are also important in the context of building workforce capacity. BIAC is addressing these issues in the context of our Member survey, and welcomes ongoing OECD work on these areas.

As stated earlier, **BIAC's main concern regarding the Jobs Strategy Reassessment is that the OECD Recommendations remain focused on the structural policies that are necessary in building capacity for sustainable economic growth that is fundamental for job creation and reduced unemployment.** We stress the high importance of the jobs strategy relative to all OECD work and in particular to economic policy, trade, education, regulatory reform, competition, health care, science and technology and investment, as well as OECD outreach.

We note that OECD work on new technologies provides important context to the Jobs Strategy. New technologies are both a catalyst of change, and tools for greater adaptability. Biotechnology, digital convergence technologies, and other emerging technologies are key growth drivers, and will provide opportunities for job creation. These growth sectors also highlight the extreme importance of education, training, retraining and lifelong learning. In this context work on the mobility of the highly skilled is relevant. Thus BIAC stresses the importance of horizontal co-operation at OECD to contribute to the successful revision, and future implementation of the Jobs Strategy Recommendations.

To conclude, the following are BIAC recommendations regarding the reassessment of the Jobs Strategy. BIAC looks forward to continued active engagement with the OECD on this project.

BIAC Recommendations:

- The core objectives of the OECD Jobs Strategy should continue to be fostering enabling policy frameworks for sustainable economic growth, reduced unemployment and job creation. A clear commitment to the implementation of necessary structural reforms by OECD countries is fundamental to achieving these objectives.
- OECD members should remain focused on reducing labour market rigidities. Achieving balance between structural reforms and social objectives should be approached in the context of maintaining competitiveness, and fostering sustainable economic growth.
- BIAC encourages analysis of the contributions of labour market and social policy reform to the productivity and the growth of companies.
- BIAC recommends continued OECD assessment of lifelong learning and human capital formation on employment prospects.
- OECD engagement with business and other stakeholders is critical to the successful reassessment of the Jobs Strategy. Frequent consultation with stakeholders should continue throughout out the project.
- OECD DELSA should actively engage other OECD Directorates undertaking work relevant and in support of the Jobs Strategy Recommendations.

BIAC CALLS ON OECD TO LAUNCH ANTI-COUNTERFEITING/PIRACY INITIATIVE

14 October 2004

I. THE PROBLEM OF COUNTERFEITING AND PIRACY REMAINS PRESSING

Violations of intellectual property rights (IPRs) in the form of counterfeiting and piracy continue to pose significant threats to international trade and innovation as well as public health and safety. More recently it appears that infringements of intellectual property rights are also increasingly linked to organized crime. Interpol estimates that 7% of global trade now involves counterfeit products. Trade in infringing products is more than just a commercial or copyright problem. It also threatens consumer safety and leads to major losses in tax revenues for governments. New challenges posed to law enforcers by digital technologies add to the continued growth of tangible piracy and counterfeiting.

While laws providing protection for IPRs have proliferated in the past decade, effective enforcement of such laws is not uniformly or consistently achieved, even amongst OECD countries. Without effective enforcement of intellectual property rights, innovation and creativity are discouraged, opportunities for investment diminish and the pursuit of public goods like health and safety are threatened. In its December 2003 discussion paper, "Creativity, Innovation and Economic Growth in the 21st Century: An Affirmative Case for Intellectual Property Rights", BIAAC recommended a number of steps the OECD could take to assist governments in combating counterfeiting and piracy, including the expansion and updating of the 1998 OECD study on the economic impact of counterfeiting.

II. OECD'S ADDED VALUE IN ADDRESSING ANTI-COUNTERFEITING/PIRACY

Although the international community has made efforts to improve IPR protection and provide guidance on enforcement, much needs to be done to close information gaps and implement international agreements on IPR protection. BIAAC believes that the structure, capacity and economic focus of the OECD makes it uniquely positioned to add value to existing national and international instruments and initiatives on IPR enforcement related to counterfeiting and piracy. OECD can add value to existing efforts by drawing on its core strengths in economic research and analysis, convening both public and private sector key experts, and through its training and outreach work with non-member countries.

Given the OECD's like-minded membership with similar perspectives on the issue, BIAAC believes that quick and timely action is possible. Research and analytical work by the OECD can improve the knowledge of the global scope and effects of counterfeiting and piracy. Peer reviews and outreach to non-members are an integral part of OECD work nowadays and can be used to monitor IPR enforcement. China, for example, has chosen the OECD as its central point of engagement on IPR issues.

III. BIAC CALLS ON OECD TO LAUNCH AN ANTI-COUNTERFEITING/PIRACY INITIATIVE

There is broad and growing support for the need for a consistent methodology for collecting data and measuring the harm caused by counterfeiting and piracy and for analyzing the effectiveness of existing efforts to address this problem. The OECD's 1998 report regarding the economic impact of counterfeiting shed valuable light on the magnitude of global counterfeiting and should be expanded and updated. Building on the 1998 report, **we call upon OECD to undertake**

a comprehensive study to analyze the scope and harmful effects of global counterfeiting and piracy problems across an increasingly broad range of sectors.

The new study should develop methodologies for analyzing the scope and effects of counterfeiting and piracy as well as the effectiveness of existing practices for combating them. In particular, **new emphasis should be placed on health and safety implications, tax and revenue losses to governments, effects on local industry, and links to criminal activities**, including terrorism. Such a study may lay the foundation for ongoing work by OECD, including the creation of technical infrastructure, education and raising awareness of the general public and potential consumers of counterfeit products. We believe that OECD has a major role to play in this area.

At the same time, **BIAC calls upon OECD to raise the profile of IPR enforcement in on-going OECD activities**, to develop a well functioning internal coordinating mechanism to address this matter in a truly horizontal manner and to take advantage of the Organisation's multi-disciplinary nature. The importance of anti-counterfeiting and anti-piracy should be duly reflected in on-going OECD projects. This should also include the very **successful outreach work of the OECD with major non-member countries, such as China or Russia**, aimed at creating an attractive investment environment. Counterfeiting and piracy should also be reflected in the OECD peer review processes.

Following the successful high-level workshops on IPR held in China in April, OECD should collaborate with China and other non-member states to organize additional workshops and anti-counterfeiting/piracy work programs. Using its traditional role as convener and information hub, OECD should continue to organize a series of workshops and other events that bring together relevant actors to examine the various aspects of the problem and solutions. To effectively involve non-members generally, IPR enforcement should be given a continued high profile in OECD outreach activities.

In accordance with the outcome of the study, OECD should consider additional steps in its future work program on counterfeiting and piracy such as the development of appropriate best practices or recommendations, reflecting shared conceptions of effective strategies to combat counterfeiting and piracy.

OECD'S ROLE IN FIGHTING SOLICITATION OF BRIBES

16 November 2004 -

I. BACKGROUND

Up to now, governments have been cautious to fully address the problem of bribe solicitation in international trade and investment. In fact, testimony and available evidence indicate that explicit or implicit requests for bribes by public officials are often the “initiating act” for bribes. In this sense, companies become victims of corrupt administrations.

Thus, BIAC has continuously asked OECD governments to publicly recognise the problem of solicitation of bribes and engage themselves to act against it by assisting companies in specific situations and co-operating internationally.²

On the occasion of the OECD's Corporate Responsibility Roundtable in June 2003, BIAC started an initiative on using the Guidelines for Multinational Enterprises to assist companies confronted with bribe solicitation and extortion.³ The business community sees a strong need for establishing an institutional setting or using existing ones to deposit relevant bribe solicitation information on a confidential basis. Until now such information is lost.

II. THE CHALLENGE

For business the key challenges of bribe solicitation have not changed since the implementation of the OECD Anti-Bribery Convention and are unlikely to change with the new UN Convention against corruption:

- Despite legislative anti-bribery measures, businesses are frequently confronted with explicit or indirect solicitation of bribes in OECD and non-OECD countries.
- The BIAC Programme for Combating Solicitation of Bribes calls on OECD governments to focus on: public recognition of the problem and assistance in cases of solicitation.
- When confronted with demands for bribes, companies need a point of reference, independent from the prosecution authorities, to which they can report such instances. Until now, information about bribe solicitors is lost.
- BIAC continues to believe that governments have a role to play in assisting companies in situations of bribe solicitation instead of relying solely on ex-post prosecution.

III. BIAC'S REQUEST

Given this continuing situation, business is requesting a clear signal from the OECD and its Committees showing the commitment to combat bribe solicitation in whatever form. This expression of governmental will is crucial to establish the necessary confidence of the business community for a comprehensive fight against corruption. We therefore ask the Investment

² See BIAC Submission “Assistance against solicitation of bribes, a possible answer to the problem of extortion in international business transactions”, October 1998, see www.biac.org/statements/investment/bribe/98-10-Solicitation-Stmt.pdf.

³ BIAC letter to Mr. Sikkel, Chair of the OECD Investment Committee, 7 July 2003, see Annex 1, DAF/IME(2003)18/REV1.

Committee of the OECD and its Working Group on Bribery in International Business Transactions to consider and further explore possible options aimed at helping companies.

In addition, BIAC has asked this year's OECD Ministerial to concretely address the issue of bribe solicitation at high-level and to establish a public-private OECD working group to elaborate concrete steps. BIAC conducted a first meeting of this 'Joint Task Force on Bribe Solicitation' on October 14th. In the long run, BIAC will argue for the following steps to be taken:

- **A revised Recommendation of the Council on Combating Bribery in International Business Transaction (last version 23 May 1997) including language on governmental measures against bribe solicitation;**
- **To elaborate the role of the NCPs in the context of the OECD MNE Guidelines (data collection function and joint external action);**
- **The establishment of governmental help lines in national administrations;**
- **The establishment of non-governmental help lines and contact points for businesses.**

For business the exchange of information amongst all these institutions and mechanisms involved is of crucial importance. **This could be ensured by establishing a respective forum/public-private network under the auspices of the OECD.**

At the same time, as the discussion evolves the need for differentiating situations of bribe solicitation becomes more obvious. The following general lines should be taken into account:

- There could be a need to focus in a first step on the business situations where no bribe has been paid yet. This could be a way of excluding many problems stemming from the duty of government officials in OECD countries to report any knowledge they might gather to prosecutors.
- The situation of companies in bidding processes must be addressed differently from the situation of endemic wide-spread corruption affecting all sectors of an administration of a particular country. For tackling bribe solicitation in bidding processes, a more sector specific approach can be more adequate. At the same time data collection and diplomatic pressure can be more relevant responses in situations of endemic wide-spread corruption.

IV. LATEST DEVELOPMENTS

The BIAC Bribe Solicitation Initiative gained important momentum during a October 14th first meeting of the Joint Task Force on Bribe Solicitation, convening BIAC members and 20 government officials from 15 countries to informally discuss how to help business when confronted with bribe solicitation. It was agreed that BIAC will develop a questionnaire asking governments and business to name institutions which help companies confronted with bribe solicitation, the actions these institutions are able to undertake, the experiences they have made so far and any steps taken to enhance international co-operation.

BIAC continues to ask OECD governments to support its anti-bribe solicitation initiative which business regards as a practical contribution to the enhancement of the implementation of the OECD Anti-Bribery Convention.