

Meeting of the OECD Council at Ministerial Level (MCM)

24 June 2009

OECD Conference Centre (Room CC15), 14:30 – 15:30

14:30 – Plenary session

BIAC Chairman Message

Prime Minister Han, Ministers, Ambassadors, Secretary-General Gurría, Distinguished colleagues:

On behalf of BIAC I would like to thank you for providing the opportunity for business, and our labour colleagues, to engage in this important Meeting of the OECD Council at Ministerial Level. It's an honour to be here.

The current financial and economic crisis is unprecedented and many uncertainties about the future of the global economy remain. The impact on jobs and employment is significant, and has become in itself a crisis that we must address. We are facing real problems – that must be addressed in real time.

As we highlighted last evening during the joint consultation, because the OECD has substantial expertise in virtually all the relevant policy areas, we believe the Organisation has an important role to play in helping alleviate the impact of the crisis and contributing to sustainable economic recovery.

I believe that BIAC's consultation paper has been circulated, so I don't intend to review it in detail. We made a number of recommendations in the areas of:

- Macroeconomic policies and structural reforms,
- Open markets for trade and investment,
- Corporate governance,
- Innovation-led sustainable growth, and
- "Green" growth.

But, allow me to briefly highlight three key points made by my colleagues last evening.

First, regarding the private sector and “green” growth. We believe that the development of policy instruments that will encourage green investment for short-term economic recovery, as well as long-term sustainable growth, should be in line with three basic principles: (1) emphasis on wealth creation, not simply wealth distribution, (2) improvement of the investment environment through structural reforms; and (3) improvements in government efficiency. Moreover, a successful strategy for green growth will require innovation across a broad range of economic sectors and activities, flexibility, and global coordination.

Second, we raised the issue of exit strategies. We would like to highlight that this does not mean the crisis is over. As we have just heard from our OECD colleagues, the economic recovery will be weak.

Exit policies should only be introduced when economic recovery and growth are on a firm footing.

However, we should be planning for this now. The phasing-out of extraordinary fiscal, monetary and financial measures should be complemented with associated reforms so as to avoid conditions, such as inflation, excessive taxation and political involvement in industry, which would undermine the sustainability of long-term prosperity. The OECD has the capabilities to make a significant contribution here.

Third, BIAC is concerned about the threat of protectionism in both trade and investment. All my colleagues last evening raised this issue as a significant concern. We urge your continued vigilance in this area, because protectionism will only prolong the crisis and amplify its negative impact on employment and business viability.

One final point I’d like to make. I was impressed by the interventions of our colleagues in TUAC last evening and I found myself, from a business perspective, agreeing with many of their points. To name a few:

Representatives of employees and employers can find common ground in addressing the crisis, as evidenced by the “Global Jobs Pact” recently agreed in the ILO. That is a significant step forward, and important evidence that, despite our differences in approach, we have a common interest in economic growth and job creation.

Stimulus spending may not be sufficiently focused on job creation and the immediate needs of boosting business activity. Governments should redouble efforts to make sure we are achieving the optimal impact.

Protectionism, as I already noted, is not the answer to the crisis and should be opposed. I was pleased to see that TUAC also made this point. But, at the same time, the job of fighting protectionism will be impossible without sufficient attention to the unemployment situation and the adequacy of social safety nets.

These are all areas in which BIAC and TUAC can find some common ground.

Mr. Chairman, thank you again for the opportunity to present these few brief comments. BIAC looks forward to continuing to support the OECD in its important mission.