

Expectations of the OECD in an Increasingly Complex World

On the 60th Anniversary of Japan's
Accession to the OECD

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Keidanren (Japan Business Federation)

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The OECD was established in 1961 as an organization to cooperate in the development of a free economy by reorganizing the Organization for Economic Cooperation in Europe (OECE), which was established to administer the Marshall Plan. More than 60 years later, the OECD's research, analysis, and policy recommendations on various issues facing developed countries have made significant contributions to the formation of a free and open international economic order by presenting standards for developed countries.

Today, however, as the international situation becomes increasingly confrontational and divisive, the free and open international economic order is on the brink of great danger. In addition, as the share of OECD member countries in the world economy declines¹ with the emergence of the Global South, the nature of global governance, including the OECD, is being questioned.

Under these circumstances, this year marks the 60th anniversary of Japan's accession to the OECD in 1964 as the first non-Western country to join the ranks of advanced nations following postwar reconstruction. In this landmark year, Japan will serve as Chair of the OECD Ministerial Council for the first time in a decade and has a crucial responsibility to steer global governance following its chairmanship of the G7 Summit last year. At the same time, this is an excellent opportunity to enhance Japan's international presence by exercising leadership in rebuilding a free and open international economic order.

After joining the OECD, Japan was tossed in the turbulent seas of the international community through fulfillment of responsibilities such as liberalization of capital movements. At the same time, however, it achieved high economic growth by benefiting from the free and open international economic order. Sixty years later, it is no exaggeration to say that Japan is at a critical turning point, which will determine whether it can maintain its status as a developed country. We must tackle various issues and pave the way to the future, so that in later years, we can look back on the 60th anniversary of Japan's accession to the OECD as a golden opportunity to remain a developed country in both name and substance by re-committing ourselves to globalization (re-globalization) while at the same time strengthening our economy and society.

We make the proposals set out below in the sincere hope that the OECD will continue to be a useful organization for Japan and further contribute to the maintenance and strengthening of the free and open international economic order on which Japan depends. These proposals were formulated considering progress made on the "Recommendations for Redefining the OECD's role in a Globalized World" published by Keidanren in 2014,

¹ Since the end of the Cold War, the share of OECD countries in the world economy has declined from 82.2% (24 countries) in 1990 to 59.0% (38 countries) in 2022 (World Bank, calculated in US dollar terms).

on the 50th anniversary of Japan's accession to the OECD.

1. International Environment and Japan's Current Situation

Various restrictions are being imposed on trade and investment amidst increasing international tensions, such as US-China confrontation and Russia's aggression in Ukraine. Moreover, in the aim of achieving carbon neutrality, some countries have taken measures that violate national treatment in relation to domestic and regional climate change measures or natural resource and energy policies. There is concern that the free and open international economic order will steadily erode if this situation persists over the medium to long term. Furthermore, the negative effects of trade, investment, and globalization have been specifically highlighted as causes of widening domestic and intra-regional disparities and adverse effects on employment, leading to anti-globalization and inward-looking policies. In reality, however, although the growth in trade volume has slowed,² companies continue to operate globally, and as many economic and social activities take place in cyberspace, the volume of cross-border data distribution has increased significantly.³ In addition, as technology is advancing in a rapid and non-linear fashion, its appropriate usage is becoming an important issue for sustainable economic and social development.

Japan is not immune to the changes in the international environment described above, and will be severely affected. In addition to these changes, with a declining birthrate and aging population, it is essential for Japan to capture overseas demand through trade and investment, as well as to secure a stable supply of food, energy, and resources, which are indispensable for people's lives and economic activities.

In a world where various issues are intricately intertwined, overcoming the crisis of confrontation and division and rebuilding a free and open international economic order is like undertaking a voyage without a chart. In order to proceed safely and securely with as much predictability as possible, firstly it is essential to grasp the realities of the complex situation as accurately as possible and formulate policies based on concrete evidence. Secondly, multiple measures should be developed to deal with the challenges we face, and the most appropriate policies should be selected based on an objective evaluation of the impact of those measures. Thirdly, norms and rules must be fostered, formulated, and implemented to promote cooperation among countries and regions and avoid unnecessary conflicts. These steps are necessary for the sustainable growth of our country.

² Global trade in goods increased 9.8% in 2021, 3.0% in 2022, and 0.8% in 2023 on a year-to-year basis (WTO Global Trade Outlook and Statistics [2023.10]).

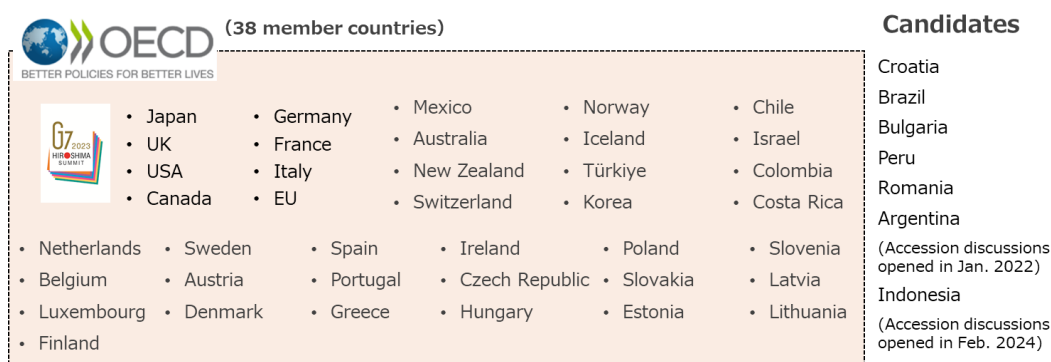
³ The volume of cross-border data distribution in 2021 will be 2.7 times greater than in 2017 (2023 White Paper on Information and Communications).

2. The Current Status of the OECD and Japan's Position

The OECD was established in 1961 with 20 countries; four countries including Japan joined during the Cold War, and 14 countries became members after the Cold War. It currently consists of 38 countries. Although the post-Cold-War membership includes South Korea and some Latin American countries,⁴ two-thirds of the members are European.⁵

As member countries' global share of GDP declines, the OECD is reaching out to non-member countries to maintain and increase its relevance, impact, and legitimacy. In January 2022, it decided to commence the accession process for six countries,⁶ and Indonesia, Brazil, China, India, and South Africa have been designated as Key Partners. Among the Key Partners, commencement of the accession process for Indonesia was decided this February. In addition, India has started negotiations to join the International Energy Agency (IEA), an autonomous organization within the framework of the OECD.⁷

[Figure 1: OECD member countries and candidates]



The OECD convention sets forth three aims for activity: (1) contribute to the development of the world economy, (2) contribute to the expansion of world trade, and (3) contribute to sound economic expansion of countries in the process of economic development. However, the OECD has gradually expanded its activities, and now works on a variety of issues in economic and social fields, including regulatory and structural reform, investment, and the environment. In addition, it regularly publishes the World Economic Outlook⁸ and the Economic Review Report, which examines the economic situation and policy trends of member countries and other nations, providing useful

⁴ Mexico (1994), Chile (2010), Colombia (2020), and Costa Rica (2021)

⁵ Current membership: 26 in Europe, 2 in North America, 4 in Latin America, 2 in the Middle East, 2 in Asia, 2 in Oceania

⁶ Romania, Bulgaria, Croatia, Argentina, Brazil, and Peru

⁷ Although IEA participation requirements stipulate that the country must be an OECD member (currently 38 countries) and have the willingness and ability to meet stockpiling standards (90 days of the country's net daily oil imports in the previous year) and other obligations, these rules will also be discussed.

⁸ It publishes an Economic Outlook twice yearly (around May and November) and an Interim Economic Outlook also twice yearly (around March and September).

information for countries when considering their policies.

Policy committees take charge of each area involving officials from the policy authorities of member countries, as well as non-member countries as necessary. Stakeholders are also involved by making recommendations. These include the business community (BIAC) and the labor community (OECD Trade Union Advisory Committee: TUAC), which serve as official advisory bodies.

The outcomes of these committees contribute to the formation of new international norms and rules. Other international organizations operate under similar consensus-based decision-making procedures to the OECD, but it has become difficult for the WTO to make decisions due to an increase in member countries, and the G20 faces difficulties in reaching agreement, since participating countries such as Russia do not share the same values as other members. Thus, the rule-making function of the institutions that have traditionally been responsible for shaping international rules is declining. Conversely, the OECD, which shares values such as freedom, democracy, fundamental human rights, and the rule of law,⁹ provides valuable opportunities for constructive policy discussions among its member countries based on a wealth of evidence.

Such discussions are supported by the OECD Secretariat, with more than 2,000 experts who support the activities of each policy committee by providing analysis and evidence, estimating the impact of policies, and collecting information on policy trends in each country. The secretariat is described as "the world's largest think tank."

Japan is one of the few Asian countries in the OECD, and the only one to participate in the G7. Thus, Japan is expected to play an important role in turning OECD outcomes from western countries' or developed countries' standards into universal standards that can be applied to other countries and regions. It can do this by introducing perspectives from Asia, especially the ASEAN countries.

3. Role Expected of the OECD

(1) Supporting policy establishment through collection, analysis, and provision of evidence

In this complex world, where conflict and cooperation are intertwined, it is important to accurately grasp the actual situation and visualize the problems.

The OECD collects data in various fields from governments and international organizations, enabling international comparisons. In addition, even for issues that have not yet been defined internationally,¹⁰ the OECD monitors and analyzes the policies of each country and provides evidence by classifying them. As indicated by the main theme

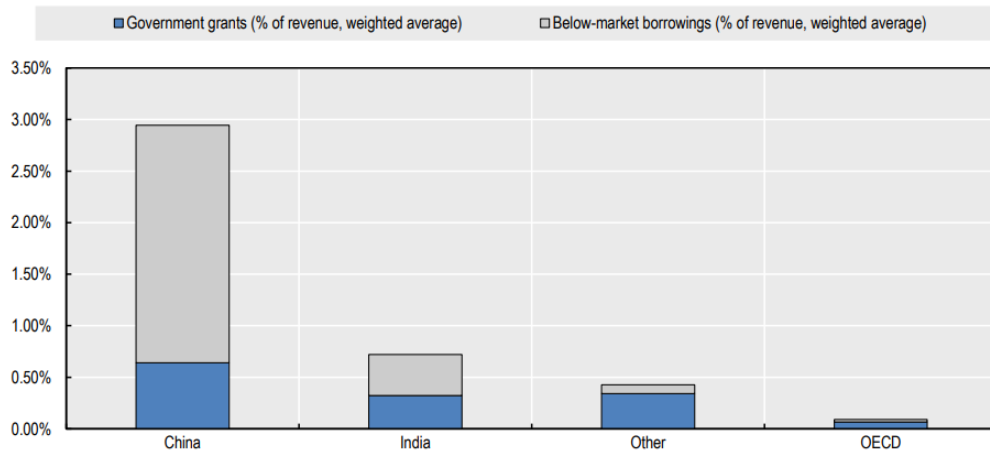
⁹ From the OECD 60th Anniversary Vision Statement (October 2021)

¹⁰ Such as market-distorting subsidies and data localization

of this year's Ministerial Council Meeting,¹¹ expectations of the OECD's objective and reliable approach are high. Now is the time for the OECD to fully demonstrate and strengthen its think-tank function.

OECD initiatives on collection, analysis, and provision of evidence

- As widening inequality within OECD member countries generates headwinds for trade liberalization and decarbonization becomes an important issue, it is valuable that the OECD utilizes Trade in Value Added (TiVA) statistics to indicate the impact of other countries' demand on employment through trade¹² and CO₂ emissions associated with the production of imported goods.¹³ This is useful in promoting free trade and eliminating protectionist measures, as well as aiding deeper discussion of trade and the environment.
- It is difficult to ascertain the actual situation regarding market-distorting subsidies, since the WTO obligation to notify subsidies is not complied with and measures taken by countries lack transparency. However, the OECD has identified and clarified the status of government support for industries and state-owned enterprises in each country,¹⁴ and this contributed greatly to G7 discussions on a level playing field last year. It is hoped that this will lead to a revision of the Corporate Governance Guidelines for State-Owned Enterprises



Note: Data are expressed relative to the sales revenue of the firms covered in the study over the period 2005-19.
Source: OECD (2021^[10]).

¹¹ “Co-Creating the Flow of Change: Leading Global Discussion with an Objective and Reliable Approach towards Sustainable and Inclusive Growth”

¹² <https://www.oecd.org/industry/ind/trade-in-employment.htm>

For example, the report estimates that foreign demand in 2020 created 80,000 jobs in Japan and 110,000 jobs in the United States.

¹³ <https://www.oecd.org/industry/ind/carbondioxideemissionsembodiedininternationaltrade.htm>

¹⁴ OECD "Government support in industrial sectors; A synthesis report" (2023.4)

The OECD classifies government support into (1) subsidies, (2) tax incentives, (3) low-interest loans at below-market rates, and (4) capital contributions at below-market rates, and analyzes the actual status of government support in each country.

at this year's OECD Ministerial Council Meeting.

- In the future, it is expected that efforts will be made to raise public awareness of such evidence, as well as to grasp the reality of new issues that arise in severe international situations (e.g., deterring acts of economic coercion) in order to respond to the relevant activities.

(2) Contributing to better policy formation through assessment of policy impact

The OECD's modeling and other analyses using various types of data and evidence can predict the impact of various policies and contribute to evaluating policies objectively. This is expected to contribute to better policy selection by each country.

In addition, since cross-border issues require cooperation between countries, the OECD's ability to share best practices will enable each country to share knowledge and take better policy measures. Furthermore, by establishing a certification framework based on objective assessment of policy impact, countries and regions could be encouraged to adopt better policies.

Moreover, peer review, which the OECD employs to check the progress of each country's efforts, is an effective way to ensure accountability and effectiveness, but reviewer objectivity is a prerequisite.

These efforts contribute significantly to better policy, and henceforth need to be pursued vigorously.

Example of OECD policy impact assessment: Moratorium on imposition of customs duties on electronic transmissions

- While some countries have raised objections to the current practice of not imposing tariffs on electronic transmissions (moratorium on imposition of customs duties), the OECD has estimated that the potential impact of tariff revenues reduced by the moratorium is small,¹⁵ which is important in guiding better policy decisions. It is hoped that the OECD will work with the WTO to make the moratorium permanent.

Example of sharing best practices at the OECD: IFCMA

- In order to tackle climate change, which is a global issue, it is necessary to take measures suited to the geographical and economic conditions in which each country finds itself. In other words, it is necessary to allow various pathways.

¹⁵ OECD "Understanding the potential scope, definition and impact of the WTO e-commerce Moratorium" (2023.10)

- While acknowledging various pathways, it is important to examine the effectiveness of measures taken by each country. In this regard, there are high expectations of the OECD's IFCMA,¹⁶ the objective of which is to measure climate change policies and promote multilateral dialogue.
- Building on the pilot projects currently underway and through discussions at the IFMCA, there is an expectation that effective climate change measures compatible with economic growth will be shared and global efforts will be accelerated.

Example of OECD Certification Framework

- The OECD has pointed out the importance of ensuring transparency in free trade zones in order to reduce illicit trade. It has advocated the establishment of a framework to certify free trade zones¹⁷ that voluntarily comply with certain codes of conduct.¹⁸
- It is hoped that the spread of the certification framework will increase transparency in free trade areas and reduce illegal trade, such as counterfeit products.

(3) Leading international rule-making

(i) Rule-making in new fields

The OECD is discussing measures to address new issues—such as free cross-border data flows, international taxation for fair distribution of profits and taxation rights, and proper usage of AI—which are arising with advances in technology and society and require international coordination. If each country implements measures to address these issues on its own, there is a risk of regulatory overlap, inconsistencies, or loopholes among countries. Thus, discussion and coordination at the OECD is highly significant in the formulation of new rules.

In order to formulate international rules, it is necessary to acknowledge differences in countries' opinions and conduct constructive dialogue to overcome them. This is feasible in the OECD, which is a group of countries that share fundamental values. Even if policies and political attitudes that encourage divisions among member countries are evident, it is expected that the OECD will quantify the negative effects and encourage the adoption of better policies.

¹⁶ Inclusive Forum on Carbon Mitigation Approaches

¹⁷ OECD "Recommendation of the Council on Countering Illicit Trade: Enhancing Transparency in Free Trade Zones" (October 2019).

¹⁸ Including authorization for the authorities to conduct investigations in the course of their duties, prohibition of activities by persons who do not pledge to comply with customs regulations, and preservation of digital records of goods brought in and out of the country, etc., for five years.

Examples of new international rule-making at the OECD

1. International taxation

- The OECD is working to establish new international taxation rules in response to the digitalization of the economy. It takes the views of the business community into consideration in an inclusive framework with participation by more than 140 countries, including non-member countries, and it should continue this work.
- International taxation should be discussed until a conclusion is reached at the OECD, which has a record of discussion with the participation of non-member countries. Since most OECD members are developed countries, rule-making should not shift to other international bodies.
- Companies will need to invest a great deal of money and work, including construction of systems, to deal with new international rules. Therefore, it is expected that future rule-making will reduce the practical burden and increase predictability.
- Furthermore, unilateral tax measures such as digital service taxes or country-specific national reporting should be withdrawn as soon as possible, and the OECD is expected to encourage countries to do so.

2. Data Free Flow with Trust (DFFT)

- Since each country or region has different regulations regarding data, we welcome the establishment of an international framework¹⁹ in the OECD for the concrete implementation of DFFT, as agreed by the G7.
- Under this framework, it is expected that concrete rules will be formulated through discussions on solutions to eliminate bottlenecks in each working group (project) with participation from the business community, and that OECD digital policy discussions will be initiated to strengthen the structure and involvement of member countries in the data field, especially in the area of data governance.

3. AI

- As countries consider rules on AI, international coordination is necessary to avoid excessive suppression of AI usage and innovation, and to avoid inconsistencies or loopholes in rules. To this end, the OECD AI Principles are

¹⁹ Institutional Arrangement for Partnership (IAP)

expected to reflect the outcomes of the G7 Hiroshima AI Process.²⁰

(ii) Ensuring the effectiveness of international rules (promoting the adoption of OECD rules by non-member countries)

In order to ensure the effectiveness of international rules, in many cases it is essential to cooperate with non-OECD countries. It is also necessary to advocate the merits of adopting OECD rules to non-OECD countries. This will ensure a level playing field between OECD and non-OECD member countries.

Such steps also need to be combined with support measures by the OECD and its member countries, such as capacity building. Moreover, there is a need to show the necessity of adopting and complying with international rules in order to participate in the global supply chain.

Supporting the adoption of OECD rules by developing countries: international taxation

- To facilitate the smooth implementation of the project on taxation challenges associated with the digital economy, the OECD is working to build capacity and provide technical assistance to tax administrations in developing countries. This is an important effort to remove or reduce obstacles to the adoption of rules based on OECD discussion with non-member countries.

Ensuring the effectiveness of OECD rules: official export credit arrangements

- The Export Credit Arrangement, agreed in 1978, regulates the terms of official support among participating countries to ensure that such support for exports does not lead to excessive competition. At the same time, ensuring a level playing field with countries not participating in the Arrangement has also become an issue.
- In order to tackle this issue, the International Working Group on Export Credits, which includes non-participating countries such as China, was established in February 2012. However, since there was no progress in discussions on the formulation of rules, the Working Group's activity was suspended in November 2020.
- Meanwhile, the Arrangement was revised last year in consideration of competitive conditions with non-participating countries.

²⁰ Consisting of the Hiroshima Process International Guiding Principles for all AI stakeholders (11 international guidelines for developers, including risk identification, identification of exploitation patterns, information sharing, and implementation of security measures) and user-related content, such as improving digital literacy and cooperation in vulnerability detection.

- It is essential to work with the western countries and the EU to ensure fair competitive conditions with non-participating countries.

4. OECD Organization and Management

(1) Improving global governance by expanding membership

In order to improve global governance, in addition to meeting the expectations mentioned in section 3 above, it is critical for the OECD to strengthen relationships with non-member countries beyond individual rules. One way of achieving this is to expand membership. Considering the shifting center of global power, Global South countries that have made certain contributions to ensuring global governance through fora such as the G20 would be candidates. However, sharing the fundamental values of freedom, democracy, and the rule of law, as well as respect for human rights and a free and open international economic system, which is a key characteristic of the OECD, together with maintaining like-mindedness among members, will be prerequisites to making appropriate decisions.

Therefore, in the accession process, in order not to make membership expansion itself an objective, candidate countries should be encouraged to make necessary reforms, and their willingness and capacity to abide by OECD rules should be checked thoroughly. If these prerequisites are not confirmed, engagement with such countries should be enhanced, and they should be called upon to adopt and comply with OECD rules in individual sectors.

(2) Presenting better alternatives by reflecting the views of the business community

For OECD outcomes to contribute to resolving practical economic issues, it is essential to go beyond statistical analysis and listen to the opinions of business, which is a key player in the economy.

In doing so, the OECD should prioritize the opinions of BIAC, which is composed of the economic organizations of each country, and whose opinions reflect the interests of the business community rather than individual companies. This will encourage member countries to make better policy choices based on economic reality, especially in an unstable and complex environment. In listening to the opinions of various other stakeholders, the OECD should consider imposing a certain level of accountability²¹ on stakeholders from the perspective of ensuring the public interest.

Importance of reflecting economic reality

²¹ For example, explanation of beneficial ownership could be considered.

1. Guidelines for Multinational Enterprises

- The OECD Guidelines for Multinational Enterprises, originally developed in 1976, were revised in 2023. The original revision draft included items that were unrealistic, such as requiring companies to conduct due diligence downstream in the value chain, including consumers. However, based on input from the business community, the guidelines were revised to include provisions companies can comply with, and the draft was adopted.
- In revising the due diligence and sector-specific guidance in the Guidelines, the business community (BIAC) should be involved from the early stages of discussion to ensure that content is realistic and companies can comply.

2. Early Awareness and Action System for Advanced Materials (Early4AdMa)

- The OECD Working Party on Manufactured Nanomaterials (WPMN) has decided to accelerate discussion of new chemical management provisions for advanced materials,²² including nanomaterials. Early4AdMa²³ was developed as a tool to identify safety, sustainability, and regulatory issues in the early stages of development.
- In promoting the development of sustainable and useful materials and substances, it is important to appropriately identify risks to be avoided. It is necessary to proceed with discussion based on data provided by each country.

(3) Responding to complex issues via cross-sector discussions

The OECD has set up policy committees to discuss various issues. Complex cross-sector issues are increasing amid changes in societies, economies, and international circumstances, and it has become increasingly necessary for the related committees to work together to examine these issues.

The OECD has responded to this situation by establishing joint meetings to discuss issues that cover multiple committees, and it should continue to respond flexibly by breaking down vertical divisions within the organization. Committees' mandates should mention collaboration with other committees as necessary to address cross-cutting issues.²⁴

²² Advanced materials, including nanomaterials, have complex physical and chemical characteristics and are utilized in a wide variety of products. Based on the idea that the safety and sustainability of advanced materials should be considered at the early stages of development and design, the Safe(r) and Sustainable Innovation Approach (SSIA) is being promoted in the OECD.

²³ It was implemented in October 2023 and is expected to be updated from time to time.

²⁴ For example, the mandate of the Trade Committee states that "The Committee shall collaborate closely with other relevant bodies of the OECD on cross-cutting issues related to trade, including on investment, competition, environment, development and agriculture."
<https://oecdgroups.oecd.org/Bodies/ShowBodyView.aspx?BodyID=933&Lang=en>

(4) Establishment and dissemination of norms and rules through cooperation with the G7, G20, and other bodies

The OECD is currently contributing to discussions at the G7 by providing reports on evidence and possible policy measures. There are expectations for creation of a virtuous cycle in which norms and rules are developed at the OECD based on a consensus reached at the G7, and then extended to OECD member countries. It is also important to deepen cooperation with the G20, in which non-OECD member countries also participate, based on objective and reliable evidence, to lead to the adoption of OECD rules by non-member countries.

In addition, it is vital to cooperate with institutions specializing in the various areas addressed by the OECD.

Examples of collaboration with the G7, G20, etc.

- At the G7 meeting that Japan chaired last year, the OECD provided the basis for intergovernmental discussions, including a report on government support for the industrial sector and the results of a study on data localization measures.
- It is expected that G7 agreement could be disseminated to the OECD member countries, such as reflecting the outcomes of the G7 Hiroshima AI Process in the OECD's AI Principles.
- The Blue Dot Network,²⁵ for which the OECD is designing a system, is expected to be a tool for disseminating quality infrastructure principles agreed at G20 meetings. To do so, the content must be realistic and accessible to all enterprises involved. It should be noted that the BDN should not impose excessive burdens on firms in its attempt to rigorously assess quality.
- OECD estimation and presentation of the impact of trade liberalization is expected to have the effect of preventing countries from taking protectionist measures and encouraging them to take liberalization measures.

(5) Improving awareness by strengthening public relations functions

Since the OECD is engaged in various areas with specific and specialized content, it does not necessarily have a high degree of public awareness compared to its extensive

²⁵ A framework for international certification of high-quality infrastructure projects launched by Japan, the US, and Australia in 2019; the OECD Council approved the establishment of its secretariat at the OECD in December 2013.

contribution to policy discussions. It is important to further publicize the content of its recommendations and reports so that the OECD's activities receive due recognition.

5. Expectations of the Japanese government

(1) Active engagement in rule formation

In order to reflect Japan's fundamental values and relative advantages in international rules, and to contribute to strengthening the competitiveness of Japanese companies, which will consequently strengthen Japan's economic, technological, and diplomatic power, Japan needs to engage more proactively and strategically in rule formation from the initial stages.

Last year, the Japanese government asked the OECD to conduct a survey on various issues for the G7 and used the results to lead evidence-based discussions. This could be the start of active engagement in rule-making. At this year's OECD Ministerial Council Meeting, it will be important to materialize the results of last year's G7 meeting and connect these to the formation of rules.

In addition, more efforts should be made to obtain committee chair posts and increase the number of Japanese staff²⁶ in the secretariat. Another idea would be to create opportunities for regular exchanges of views with Japanese think tanks in order to reflect Japanese perspectives in OECD analysis and research.

(2) Bridging gaps to achieve agreement

When Europe, which accounts for the majority of OECD member countries, and the US, which is the largest donor country, take different stances, it becomes difficult to reach agreement within the OECD. In such situations, Japan needs to bridge the gap between the two and contribute to the formation of an agreement.

(3) Reflection of Asian viewpoint

Japan should showcase the merits of complying with OECD rules to neighboring Asian countries, and share knowledge with and provide support to countries that have shown willingness to comply with OECD rules. Outreach activities in Asia through the Southeast Asia Regional Program,²⁷ which was proposed and established by Japan, are significant in this regard. It is also important to reflect Asian perspectives in OECD rules.

²⁶ Of the 2,205 professional and special staff of the OECD Secretariat, 85 (3.85%) are Japanese (including junior professional officers, as of the end of 2021).

²⁷ A program to encourage Southeast Asian countries to participate in OECD rules and standards and domestic reforms through policy dialogue between OECD and ASEAN member countries, etc. Established at the OECD Ministerial Council in 2014 (Chair: Japan).

Reflecting an Asian Perspective: The Blue Dot Network

- The Blue Dot Network, with its secretariat at the OECD, can be an important tool for objectively promoting the benefits of quality infrastructure.
- The current draft contains wide-ranging and detailed criteria to verify the quality of infrastructure, which could place excessive burdens on companies and result in underutilization. Thus, screening items should be simplified as much as possible. In addition, the draft needs to streamline procedures, such as exempting projects that have been reviewed by an official export financing agency from examination of duplicate items.
- In addition, from the viewpoint of encouraging various and steady efforts toward decarbonization in developing countries, technologies in the transition stage such as co-firing and mono-firing of hydrogen and ammonia in thermal power generation should also be included in the scope.

6. Activities of Keidanren and BIAC

BIAC expresses its views in a wide range of areas to ensure that OECD research, analysis, and policy recommendations reflect the realities of the economy and contribute to a free and open international economic order.²⁸ Keidanren will continue to actively participate in BIAC activities²⁹ and provide input from the perspective of Japanese business.

In addition, Keidanren will advocate the benefits of adopting and complying with the OECD rules in dialogues with the business communities of countries that have indicated their intention to join the OECD (e.g., Indonesia and Thailand), thereby helping to strengthen governance in an increasingly complex world.

²⁸ Through approximately 30 committees and other bodies, BIAC brings together more than 1,000 participants in OECD meetings each year and compiles more than 280 policy recommendations.

²⁹ A cumulative total of 60 people have registered with each of BIAC's policy committees via Keidanren, and of the 147 chairs and vice-chairs of approximately 30 committees, 10 are affiliated with Keidanren (as of March 2024).



BUSINESSatOECD



OECD

BETTER POLICIES FOR BETTER LIVES

- Established in March 1962
- 47 associations from 38 countries participate
- Run by private finance including contribution from member organizations

- **Recommend/dispatch suitable personnel from companies/business associations to BIAC activities**
- **Comment/reflect to BIAC's policy proposals.**

Members of BIAC

- Keidanren (Japan Business Federation) participate from Japan
- Business organizations from non-OECD members, such as accession candidates, participate as observers (14 associations from 12 countries)