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## The WTO and the business community

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WORKING  
PAPER



## The Evian Group@IMD Working Paper Series



### **The WTO and the Business Community**

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**IMD-2014-1**

## Introduction<sup>1</sup>

It has become a cliché to say that the WTO is at a crossroads.<sup>2</sup> After twelve years of negotiations on the so-called Doha Development Agenda (DDA), it appeared there was no end in sight by 2013. Policy-makers in industrialized nations seemed to be both distracted by the lingering effects of the financial crisis and more intrigued by preferential trade agreements (PTAs) and plurilaterals (e.g. the Trade in Services Agreement, TISA) than by the multilateral approach. The large emerging economies continued to adopt a wait-and-see attitude; they are ready to fight for their agenda but unwilling (or unable) to exert positive leadership to advance the DDA. The private sector, in turn, had been observing the WTO system with an increasing sense of frustration.<sup>3</sup> This reflects not only the poor performance of the system in delivering results in a timely fashion, but also the perception that the WTO “business model,” with its emphasis on market access (via tariff cuts and bindings) plus its “silo” approach to trade negotiations, is outdated.

The limited deals reached in the context of the Bali Ministerial – in particular, the agreement on Trade Facilitation – have given new hope to those who believe that the private sector will rally around a multilateral deal when the “landing zone” for the DDA becomes clear.<sup>4</sup> This is, however, a dangerous belief in that it can cause the failure of the DDA to become a self-fulfilling prophecy. Without sustained engagement from the private sector in support of a deal, negotiations are likely to continue to languish and the focus of private companies will be increasingly diverted to PTAs and plurilateral deals. One step that could begin to address this gulf between private sector perceptions and the realities of WTO operations would be to establish a business advisory council or a platform for focused discussions on priority trade issues. Such an innovation could be part of a broader agenda on WTO reform.

In this paper, we review how different international organizations and networks have organized themselves by offering a platform for the business community to provide advice on their operations. The focus is on a limited group of organizations that engage in trade-negotiations related activities. The paper does not claim to provide a comprehensive review of existing platforms for business interaction with international organizations nor an evaluation of their effectiveness; it intends to serve as a reference for the debate in question. It follows upon the recommendations of the “WTO Blueskying Report: Ideas for the New DG” that The Evian Group@IMD co-sponsored with partner organizations.<sup>5</sup> In the next sections we briefly review the BIAC (OECD), the ABAC (APEC), the ASEAN BAC and the B20 (G20). The paper concludes with specific recommendations on how best to advance this agenda.

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<sup>1</sup> Comments and suggestions from S. Bertasi, C. Boonekamp, J. Freymond, S. Harbinson, S. Jackson, A. Karami-Ruiz, K. Lallerstedt, A. Hoe Lim, D. Lippoldt, X. Lu, M. Oshikawa, M. Perez-Esteve, V. do Prado, W. Reinsch, P. Robinson, and A. Spear who are gratefully acknowledged. Errors and omissions are ours.

<sup>2</sup> For a review of the main challenges currently faced by the WTO see: C.A. Primo Braga. “WTO: The fight for relevance.” IMD, Tomorrow’s Challenges, 2013. <<http://www.imd.org/research/challenges/TC045-13-wto-the-fight-for-relevance-carlos-primo-braga.cfm>>.

<sup>3</sup> For analyses of the causes of frustration among private sector representatives vis-à-vis the WTO see: “WTO Director-General candidates’ debate at IMD.” <http://www.imd.org/news/WTO-Director-General-candidates-debate-at-IMD.cfm>; and J. Eckhardt. “The decreasing interest of business in the WTO: Why should we care and how can we solve it?” E15 Expert Group on the Functioning of the WTO, ICTSD/WTI, 2013.

<sup>4</sup> For an evaluation of the Bali package see: C.A. Primo Braga. “The Bali Package: The DDA is [still] alive.” IMD, Tomorrow’s Challenges, December 2013. <http://www.imd.org/research/challenges/TC095-13-wto-bali-package-carlos-braga.cfm>.

<sup>5</sup> For details about the report in question and related background papers see: T. Abu-Ghazaleh, C.A. Primo Braga, and S. Marchi. “WTO Blueskying; Ideas for the new DG.” Geneva: WTO, 28 June 2013 <http://www.imd.org/uupload/IMD.WebSite/EvianGroup/Web/963/WTO%20Blueskying%20Roundtable%20Final%20Summary%20Report.pdf>.

## 1. Organisation for Economic Co-operation and Development – OECD<sup>6</sup>

OECD's origins date back to 1961, when 18 European countries (including Turkey) plus the United States and Canada joined forces to create an organization dedicated to fostering economic growth and international trade, building upon the experience of the Organisation for European Economic Co-operation that was created in 1948 to promote the reconstruction of Europe. Today, OECD's 34 member countries include many of the world's most advanced countries but also emerging economies like Mexico, Chile and Turkey. Its mission is "to promote policies that will improve the economic and social well-being of people around the world."

### The OECD & Civil Society

OECD co-operates with civil society and the private sector primarily through the Business and Industry (BIAC) and the Trade Union (TUAC) Advisory Committees to the OECD. These advisory bodies contribute to most areas of OECD work through *policy dialogue and consultations*. Other representatives of civil society – non-governmental organizations, think tanks and academia – are also engaged in this dialogue. OECD also has links with the Council of Europe Parliamentary Assembly and the NATO Parliamentary Assembly.

OECD views the BIAC as a key stakeholder, providing policy recommendations that inform its deliberations. In the words of Angel Gurría OECD Secretary-General:

As the voice of business in the OECD, BIAC has played an essential part in supporting our mission to promote better policies for better lives worldwide. BIAC has been an important sounding board in all areas of OECD work, helping to engage businesses in OECD member and partner countries and sharing the insights of the business community on a variety of economic and social issues. BIAC has provided critical input to OECD thinking and action during this difficult financial, economic and social crisis. As we strive towards rebuilding trust both in the public and private sectors and towards a more resilient, inclusive form of growth, we count on BIAC's continued support and input.

It should be pointed out that BIAC is *not* part of OECD's formal organizational structure and is *not* a member of its decision making bodies. Nevertheless, the relationship between OECD and BIAC has been reinforced during the last few years. According to OECD:

Formal relations between the OECD and representatives of business and industry and of trade unions in member countries are conducted through two organizations officially recognized by the OECD Council. These are the Business and Industry Advisory Committee to the OECD (BIAC) and the Trade Union Advisory Committee to the OECD (TUAC). Both contribute to most areas of the Organization's work through policy dialogue and consultations. Consultations with BIAC and TUAC are a regular and systematic part of most OECD committees' work. In addition, annual consultations with BIAC and TUAC take place within the framework of the Liaison Committee of the OECD Council, which is chaired by the Secretary-General and open to all member countries. The OECD Ministerial Council Meeting (MCM) Bureau also consults annually with BIAC and TUAC ahead of the MCM. Since 2010, BIAC and TUAC have participated fully in the MCM.

The annual OECD Forum is held in conjunction with the annual ministerial council meeting (MCM) and provides an additional interface with a range of stakeholders. It is a global platform for exchanging ideas and networking that brings together government ministers,

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<sup>6</sup> Information in this section comes mainly from [www.oecd.org](http://www.oecd.org) and from staff at BIAC.

representatives of international organizations and leaders of business, trade unions and civil society.

## The BIAC

BIAC is an *independent* international business association devoted to advising OECD policymakers on issues of globalization and the world economy. It was founded in 1962.<sup>7</sup>

*Officially recognized* by OECD as a representative of the OECD business community, BIAC “promotes the interests of business by engaging and advising policy makers on a broad range of issues.” Its key objectives are:

- Positively influencing the direction of OECD policy initiatives
- Ensuring business and industry needs are adequately addressed in OECD policy decision instruments (policy advocacy), which influence national legislation
- Providing members with timely information on OECD policies and their implications for business and industry.

“BIAC advocates consensus industry views in order to ensure that the resulting policies assist the private sector’s capacity to generate growth and prosperity.” According to its 2013 Annual Report, it has identified the following priorities for 2013 and beyond:

1. Open, competitive markets and resistance to protectionism
2. Strengthened job creation and employability of individuals
3. Balanced policies and a sound financial system for growth
4. Good governance
5. Innovation to foster growth and sustainable development
6. Effective co-operation at the global level

### Organization

- Leadership board (13 members): provides the governance structure for BIAC. The current Chairman is Phil O’Reilly, chief executive officer BusinessNZ (New Zealand’s largest business advocacy group). BIAC board members are nominated by BIAC members and serve for two-year renewable terms; they meet on an annual basis.
- Secretariat (9 members of staff): Bernhard Welschke is the secretary general. Before joining BIAC, Welschke was managing director for global governance and business relations with North and Latin America at the Federation of German Industries (BDI).
- Member organizations: BIAC’s members are the major business organizations in the 34 OECD member countries (i.e. the Chamber of Commerce, Business Federation, Industry Confederation or Employer’s Association of every OECD country).
- Observer Organizations: The BIAC observer status is an opportunity for organizations in non-OECD member countries to engage in BIAC’s activities. It currently comprises 10

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<sup>7</sup> Information in this section comes mainly from [www.biac.org](http://www.biac.org).

organizations. Examples include Confederation of Indian Industry and the Russian Union of Industrialists and Entrepreneurs.

- Associate Experts: BIAC's Associate Experts Group (AEG) provides the structure for sectoral international business organizations that are not BIAC's members to engage in related activities. It comprises 35 organizations. Examples include the Bureau of International Recycling (BIR), the International Chamber of Shipping (ICS), the World Steel Organization and Eucomed (European medical technology industry).

BIAC policy group chairs and vice chairs are nominated by members and are subject to approval by the BIAC board. "Through its 38 policy groups, which cover the major aspects of OECD work most relevant to business, BIAC members participate in meetings, global fora and consultations with OECD leadership, government delegates, committees and working groups."

BIAC exerts its influence through the process of continual consultation with members (and their member companies) supported by the policy teams. According to BIAC, "in 2013 more than 2,800 business representatives from 52 national business organizations in OECD member countries and major non-member economies, as well as over 35 sectoral associations were actively involved in the work of the OECD through BIAC."

BIAC is funded primarily through member fees. The fee structure is roughly equivalent to the OECD member financing structure, with larger-economy countries contributing a proportionately larger fee. BIAC's annual budget is approved by the General Assembly upon presentation by the BIAC board.

## 2. Asia-Pacific Economic Cooperation – APEC<sup>8</sup>

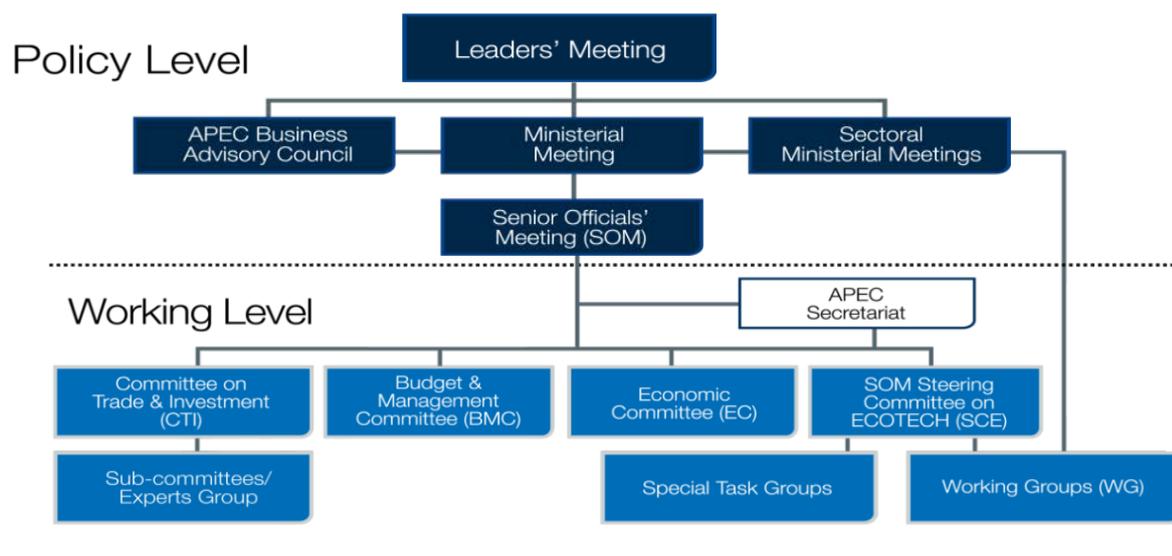
APEC was established in 1989 with the mission to facilitate economic growth, cooperation, trade and investment in the Asia-Pacific region. "It is an intergovernmental grouping that operates on the basis of non-binding commitments, open dialogue and equal respect for the views of all participants. Unlike the WTO or other multilateral trade bodies, APEC participants have no treaty obligations. Decisions made within APEC are reached by consensus, and commitments are made on a voluntary basis."

According to APEC, its 21 members account for approximately 40% of the world's population, approximately 55% of world GDP and about 44% of world trade. APEC's 21 member economies are: Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong; China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; The Republic of the Philippines; The Russian Federation; Singapore; Chinese Taipei; Thailand; United States of America; and Vietnam.

APEC focuses on three key areas known as its three pillars: Trade and Investment Liberalization, Business Facilitation, and Economic and Technical Cooperation (see **Figure 1**). Its policy direction is driven by the 21 leaders of its member economies. Accordingly, the "... strategic recommendations provided by APEC Ministers, APEC Senior Officials and the APEC Business Advisory Council (ABAC), are considered by the Leaders as part of this process."

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<sup>8</sup> Information in this section comes mainly from [www.apec.org](http://www.apec.org).



**Figure 1: How APEC operates**

Source: 2013 APEC Secretariat

## APEC and the Business Community

APEC views business as a key driver of economic growth. It involves the international business community through the following:

- **APEC Business Advisory Council (ABAC):** ABAC is engaged in an annual dialogue with APEC Economic Leaders and presents recommendations that improve trade and investment in the region. *“APEC is the only multilateral body that gives business a seat at the table, not just for consultation, but as a partner.”*
- **APEC CEO Summit:** The APEC CEO Summit is held in the APEC host economy and provides an opportunity for business leaders in the Asia-Pacific region to engage in discussions with APEC economic leaders and other stakeholders.
- **Industry Dialogues:** Industry representatives meet with APEC officials in order to develop an understanding on key issues and to improve the competitiveness of the industries concerned. Current APEC Industry Dialogues include the Chemical Dialogue and the Automotive Dialogue.
- **APEC Business Travel Card (ABTC):** The program provides business travelers with visa clearance and expedited airport processing when visiting APEC economies. According to APEC, this card is used by over 100,000 travelers throughout the year.

## Other Partnerships

Through the APEC Study Centers (ASC) Consortium, APEC actively engages academic and research institutions. “There are ASCs in 20 APEC Member Economies, comprising some 100 universities, research centers and centers of academic excellence across the APEC region. Academics and research institutions also participate in the working level of APEC through meetings, seminars and other activities.” Additional Public Policy Partnerships have been created on food, women, science and technology and environmental goods and services (EGS).

## The ABAC<sup>9</sup>

The APEC Business Advisory Council (ABAC) was established in 1995 “in response to a call for a private sector body that could advise the Leaders on matters of primary importance to business in the region.” ABAC engages with APEC through a three-step process: Priorities are identified for the coming year, working groups are set up and recommendations are developed during the course of the year.

### *The 2014 Work Program*

For 2014 ABAC has adopted the theme “Building Asia-Pacific Community, Mapping Long-term Prosperity.” According to ABAC’s website, the 2014 work program focuses on:

- Accelerating regional economic integration
- Championing sustainable development
- Supporting SMMEs and fostering entrepreneurship
- Strengthening infrastructure development and connectivity
- Promoting the development and integration of financial markets.

To carry forward this work program, ABAC has established the following working groups with their respective focus areas:

#### Regional Economic Integration Working Group (REIWG)

- Supporting the WTO and preventing backsliding toward protectionism
- Building toward a Free Trade Area of the Asia-Pacific (FTAAP)
- Advancing a new services agenda
- Furthering investment liberalization and facilitation.

#### Sustainable Development Working Group (SDWG)

- Improving food security
- Enhancing energy security and promoting new energy sources
- Promoting green growth and trade in environmental goods and services (EGS)
- Ensuring a healthy work force to achieve sustainable economic growth.

#### SMME & Entrepreneurship Working Group (SMMEEWG)

- Promoting SMME access to finance
- Facilitating the internationalization of SMMEs
- Enhancing the participation of women in the economy
- Fostering innovative growth.

#### Infrastructure & Connectivity Working Group (ICWG)

- Accelerating infrastructure development
- Facilitating infrastructure financing

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<sup>9</sup> Information in this section comes mainly from [www.abaconline.org](http://www.abaconline.org).

- Promoting capacity building to enhance regional connectivity
- Building effective global value chains.

#### Finance & Economics Working Group (FEWG)

- Monitoring and assessing macroeconomic and G20 developments
- Promoting regional financial integration and the Asia-Pacific Financial Forum
- Enhancing foreign direct investment and long-term savings in infrastructure
- Meeting the challenges of urbanization in the Asia-Pacific region.

“ABAC’s recommendations are conveyed to APEC governments through a range of avenues including to APEC Senior Officials, Trade, SME and Finance Ministers and directly to APEC Economic Leaders at the annual Dialogue with APEC Leaders.”

#### *Organization*

APEC Leaders appoint up to three private-sector members from each economy. Members come from a range of business sectors (including small and medium enterprises) and represent the entire private sector within their country. The Chair of ABAC comes from the economy that is hosting APEC and changes annually. ABAC meets four times per year.

“ABAC’s annual report to APEC Economic Leaders outlines business views about priority regional issues and contains recommendations to improve the business and investment environment in the APEC region. Many of ABAC’s recommendations, for example the idea of a Free Trade Area of the Asia Pacific (FTAAP), have become core APEC activities.”

The ABAC International Secretariat is based in Manila, the Philippines. Funding is provided through a system of annual dues, which reflect the size of each economy. ABAC’s annual budget is approximate \$520,000. In most cases, the member economies’ governments pay the annual ABAC dues, though in some cases these are paid by the individual ABAC members’ companies.

### **3. Association of Southeast Asian Nations – ASEAN<sup>10</sup>**

The Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967 in Bangkok, Thailand with the signing of the ASEAN Declaration (Bangkok Declaration) by the founding countries: Indonesia, Malaysia, Philippines, Singapore and Thailand. Brunei Darussalam, Vietnam, Lao PDR, Myanmar and Cambodia eventually joined, making up today’s composition of 10 ASEAN Member States.

The ASEAN Vision 2020, which is to agree “on a shared vision of ASEAN as a concert of Southeast Asian nations that are outward looking, living in peace, stability and prosperity, bonded together in partnership in dynamic development and in a community of caring societies.”

Within ASEAN the ASEAN Economic Minister’s council (AEM), which meets annually, is responsible for Public-Private Sector Engagement (PPE). According to AEM:

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<sup>10</sup> Information in this section comes mainly from [www.aseansec.org](http://www.aseansec.org).

A large number of sectoral bodies, which have been established to support the implementation of ASEAN strategies and programmes in regional development and integration, have worked in consultation and collaboration with the private sector. Recently, PPE involves dialogues between the ASEAN Economic Ministers and the ASEAN Business Advisory Council (ASEAN BAC) plus representatives of industry associations such as the ASEAN Federation of Textile Industries and the ASEAN Automotive Federation. Such dialogues have produced several important recommendations which are under consideration of the relevant ASEAN sectoral bodies.

## ASEAN & Society

ASEAN is associated with the following entities:

- Parliamentarians: Through the ASEAN Inter-Parliamentary Assembly (AIPA)
- Business organizations
  - ASEAN Airlines Meeting
  - ASEAN Alliance of Health Supplement Associations (AAHSA)
  - ASEAN Automotive Federation (AAF)
  - ASEAN Bankers Association (ABA)
  - ASEAN Business Advisory Council (ASEAN-BAC)
  - ASEAN Business Forum (ABF)
  - ASEAN Chamber of Commerce and Industry (ASEAN-CCI)
  - ASEAN Chemical Industries Council
  - ASEAN Federation of Textile Industries (AFTEX)
  - ASEAN Furniture Industries Council (AFIC)
  - ASEAN Insurance Council (AIC)
  - ASEAN Intellectual Property Association (ASEAN IPA)
  - ASEAN International Airports Association (AAA)
  - ASEAN Iron & Steel Industry Federation
  - ASEAN Pharmaceutical Club
  - ASEAN Tourism Association (ASEANTA)
  - Federation of ASEAN Economic Associations (FAEA)
  - Federation of ASEAN Shippers' Council
  - US-ASEAN Business Council
- Think tanks and academic institutions through the ASEAN-ISIS Network
  - ASEAN-Accredited Civil Society Organizations (CSOs) – there are 58 accredited CSOs
- Other stakeholders
  - ASEANAPOL
  - Federation of Institutes of Food Science and Technology in ASEAN (FIFSTA)
  - Southeast Asian Fisheries Development Centre (SEAFDEC)
  - Working Group for an ASEAN Human Rights Mechanism.

## The ASEAN BAC<sup>11</sup>

The ASEAN Business Advisory Council (ASEAN BAC) was launched in 2003. “ASEAN BAC is mandated by the ASEAN Leaders as the official ASEAN linkage that provides private sector feedback and guidance to boost ASEAN's efforts toward economic integration through its many initiatives and related activities – including the annual ASEAN Business Awards and ASEAN Business and Investment Summit, as well as studies and surveys undertaken in collaboration with credible institutions.”

According to its website, its activities include:

- Reviewing and identifying issues to facilitate and promote economic cooperation and integration and submit annual recommendations for the consideration of the Leaders and AEM
- Disseminating the ASEAN Economic Community (AEC) deliberations with the private sector (internal/external).

ASEAN BAC is *not* a part of the ASEAN's formal organizational structure and/or a member of its decision making bodies. It works with the ASEAN Economic Minister's council (AEM) but it is not a member of it. Its members are appointed by ASEAN's governments (see below under *Organization*), but it works mainly as a facilitator of *consultations and source of policy recommendations*.

Projects initiated and/or supported by ASEAN BAC are:

1. ASEAN Trade and Investment Centre (ATIC)
2. ASEAN Pioneer Project Scheme (APPS) where the objective is to grow a large base of vibrant indigenous ASEAN companies, large and small, and to promote the “Made in ASEAN” brands of products and services
3. ASEAN Green Lane
4. ASEAN Alternative Energy
5. ASEAN JV On Agriculture

ASEAN BAC organizes two annual events:

- The ASEAN Business and Investment Summit (ASEAN-BIS) is organized annually to coincide with the ASEAN Summit. “ASEAN BIS brings together private and public sector organizations, government representatives and leaders of industry from within and outside ASEAN for dialogue and networking, and provides an interactive platform to advance industry and business in the region.”
- The ASEAN Business Awards (ABA) meeting. ABA was launched in 2007 and recognizes enterprises that have contributed to the growth and prosperity of the region.

### *Organization*

ASEAN BAC members are CEOs of companies that are appointed by the ministers in charge of ASEAN activities. Each country is represented by a maximum of three members, with one representing the interests of small- and medium-sized enterprises. The Chairmanship for ASEAN BAC rotates on an annual basis along with the Chairmanship of ASEAN.

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<sup>11</sup> See [www.asean-bac.org](http://www.asean-bac.org).

## 4. The Group of Twenty (G20)

The G20 is “the premier forum for global economic and financial cooperation that brings together the world's major advanced and emerging economies, representing around 85% of global GDP.” Mexico hosted the G20 in 2012, Russia in 2013, and Australia is hosting the G20 in 2014.

The G20 brings together the heads of state or government from 19 countries plus the European Union, which is represented by the president of the European Council and by the head of the European Central Bank. The 19 countries involved in the G20 are: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, and the United States of America.

Business organizations have, over time, provided inputs to the G7/8 and later to the G20. Between the Houston G7 Summit in 1990 and the G8 Summit in St Petersburg in 2006, for example, the International Chamber of Commerce (ICC) prepared an annual declaration to the G7/8 to present the views of world business on some of the principal issues on the Summit agendas. In advance of almost all of these Summits, a delegation of the ICC Chairmanship was received by the host president or prime minister. The meetings generally took place one month to six weeks before the Summits.

When it was decided to shift from sessions composed of 8 members to a broader group composed of 20 members, the business organizations also chose to meet in that format.<sup>12</sup> With each summit, different Business 20 (B20) configurations emerged.

### The Business 20 (B20)<sup>13</sup>

The B20 process and summits have been part of G20 Summits since 2010 in Seoul. This was formalized by the G20 in the “Seoul Summit Document,” which states (in paragraph 72):

Recognizing the importance of private sector-led growth and job creation, we welcome the Seoul Business Summit (...) (and) we look forward to continuing the G20 Business Summit in upcoming Summits.

Their main purpose consists in developing business recommendations on selected issues on the G20 agenda of particular relevance to business. Typically, a series of task forces is created to develop these recommendations, which are then presented at an event organized before the G20 summit, under the leadership of a main industry association or business organizing committee of the G20 host country.

Key objectives of B20 Russia (held in June 2013) included:

- Consolidating positions of business communities in global dialogue on crucial issues of international development, ensuring representativeness and proper format of participation

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<sup>12</sup> With the G20 major economies growing in stature since the 2008 Washington summit, world leaders from the group announced at their Pittsburgh summit on September 25, 2009, that the group would replace the G8 as the main economic council of systemically important nations. Today the annual G8 leaders summit is attended by the heads of government who meet to discuss and attempt to reconcile global issues.

<sup>13</sup> Sources for information that appears in this section: [www.b20.org](http://www.b20.org), [www.b20russia.com](http://www.b20russia.com), [www.b20businesssummit.com](http://www.b20businesssummit.com), [www.b20coalition.com](http://www.b20coalition.com).

- Facilitating the effective dialogue with global leaders in finding effective solutions for the burning economic problems of G20
- Ensuring continuity and consistency of participation of authorized business representatives when developing recommendations for G20 leaders, working together with other outreaches, as well as monitoring the effectiveness and implementation of the G20 commitments.

### Organization

B20 is an *informal network* of business associations (including chambers of commerce to include the perspective of small- and medium-sized enterprises) with the objective of “collaborating in order to maintain a continuous dialogue between the business community, G20 governments, and relevant international institutions.” At the national level, B20 participants include the main business organizations. The approach to organizing B20 activities and the process for selecting participants has varied to some degree between different host countries and continues to evolve. Participants in B20 activities have included a broad range of bodies, including national business associations, CEOs and senior executives from companies across a spectrum of sectors, international business organizations, multi-stakeholder organizations, intergovernmental organizations and “knowledge partners” (e.g. WEF, ICC, OECD, McKinsey...). Heads of state of the G20 countries are also invited to the B20 Summit, so that an exchange of views can take place between business leaders and heads of state on the recommendations elaborated by the B20 Task Forces.

It should be noted that the B20 is not just a summit. Typically, business executives including the presidents of the business confederations of the G20 countries, and CEOs and chairmen from global companies gather in working groups (task forces) and prepare the B20 summit (see **Box 1**). One of the main objectives of these task forces is to elaborate concrete recommendations some of which will be included in the G20 final communiqué. In some cases, task forces have collaborated with international organizations and organized working meetings and/or presented preliminary findings in the context of events organized by WTO, OECD, WEF or ICC (International Chamber of Commerce.) The product of the B20 summit is a report with specific recommendations for the G20 leaders. As **Box 1** illustrates, this is a resource-intensive process that requires significant commitment from all parties involved.

In order to promote the interaction between the leaders of the Group of 20 (G20) countries and the B20 participants, several events had been scheduled prior to both summits. This allowed the timely inclusion of recommendations emerging from the B20 Task Forces into the preparatory activities for the G20. In this B20/G20 interaction framework, the following eight meetings took place:

- January 18: B20 – Building a dialog between the leaders of nations and the business community
- April 16: B20 – Preliminary recommendations submitted to President of Mexico
- April 19: B20 – Trade and investment promote development, growth and jobs
- May 3: B20 met with the G20 Working Group on Development
- May 15: B20 presented the progress of its recommendations during the Business Future for the Americas conference
- May 17: B20 took part in Ministerial Meeting on Labor and Employment
- May 22: B20 met with G20 Sherpas to deliver their preliminary recommendations and preliminary agenda for the summit at Los Cabos
- June 18-19: G20 Summit

Source: <http://www.b20.org/route-b20.aspx>

### Box 1: Roadmap example – 2012 B20 Summit, Los Cabos, Mexico

The funding model for the B20 has varied from cycle to cycle but has usually involved a combination of funding from the host country, funding from business associations, sponsorship by companies and in-kind contributions from various organizations.

## Conclusion

As discussed, different international organizations and networks approach their interface with the business community in different manners. As summarized in **Figure 2** and **Figure 3**, the structure of these bodies, the degree of integration with the relevant organization and the level of formality of the arrangement vary significantly.

Among the councils reviewed, APEC's ABAC is the only one with a seat at the table at the level of the organization's deliberations. All other business councils have an advisory role, being involved mainly in dialogue and consultation with their respective organizations.

It is worth noting that the WTO explored the creation of an informal interface with the business community in the past. During the mandate of Supachai Panitchpakdi as WTO Director General (2002–2005), an Informal Business Advisory Group to the DG was created and met a few times – and an informal NGO Advisory Board was also created in 2003.<sup>14</sup> The commitment of private sector representatives to the experiment, however, did not survive the travails of the multilateral trade system, reflecting the difficulties in advancing the Doha Development Agenda after the “failure” of the Cancun Ministerial in September 2003. Moreover, the lack of a budgetary allocation at the level of the WTO Secretariat to support the work of the Advisory Group also contributed to erode the effectiveness of the Group according to some observers.

Needless to say, informal arrangements often face an uphill struggle in attracting business leaders since it is not clear how their deliberations will feed into decision making processes. Moreover, to the extent that the WTO system and the private sector operate in very different time frames for reaching/implementing decisions, the potential for a mismatch in terms of expectations about results is high. This can be partially addressed by giving a specific focus in terms of tasks to be implemented – as illustrated, for example, by the Consultative Group, encompassing business and NGO representatives, that was put together during Supachai Panitchpakdi's mandate (in 2003) and that developed the report “The Future of the WTO” under the chairmanship of Peter Sutherland. A similar effort occurred in 2012/13 in the context of the Lamy Panel on “Defining the Future of Trade.”<sup>15</sup>

In discussions conducted in the context of the Working Group on Trade of the Evian Group@IMD, the following list of options was identified as alternative ways to further develop an interface between the private sector and the WTO:

1. Business as usual: to keep the process informal and market-driven, relying on existing mechanisms for interaction with non-state actors. It was noted, for example, that the WTO's Annual Public Forum provides a good platform for these interactions, and the challenge is simply to make better use of such a platform.<sup>16</sup>
2. Creation of a dedicated platform for meetings with a variable geometry (i.e. with participation determined by the issues being addressed) for **regular** dialogue between

<sup>14</sup> The informal Business Advisory Body included representatives from the International Chamber of Commerce, the International Organization of Employers, the World Business Council for Sustainable Development, the United States Council for International Business (USCIB), the Union of Industrial and Employers' Confederation of Europe (UNICE), Nippon Keidanren, and the Evian Group network. For further details see Daniel Pruzin. “WTO Chief Sets Up Advisory Bodies with Business, NGOs to Boost Dialogue.” IATP, 2003. <<http://www.iatp.org/news/wto-chief-sets-up-advisory-bodies-with-business-ngos-to-boost-dialogue>>.

<sup>15</sup> For details see [http://www.wto.org/english/thewto\\_e/dg\\_e/dft\\_panel\\_e/dft\\_e.htm](http://www.wto.org/english/thewto_e/dg_e/dft_panel_e/dft_e.htm).

<sup>16</sup> For a description of the activities/format of the Public Forum see: Perez-Estevé, M. “WTO rules and practices for transparency and engagement with civil society organizations.” WTO Staff Working Paper ERSD-2012-14, 2012.

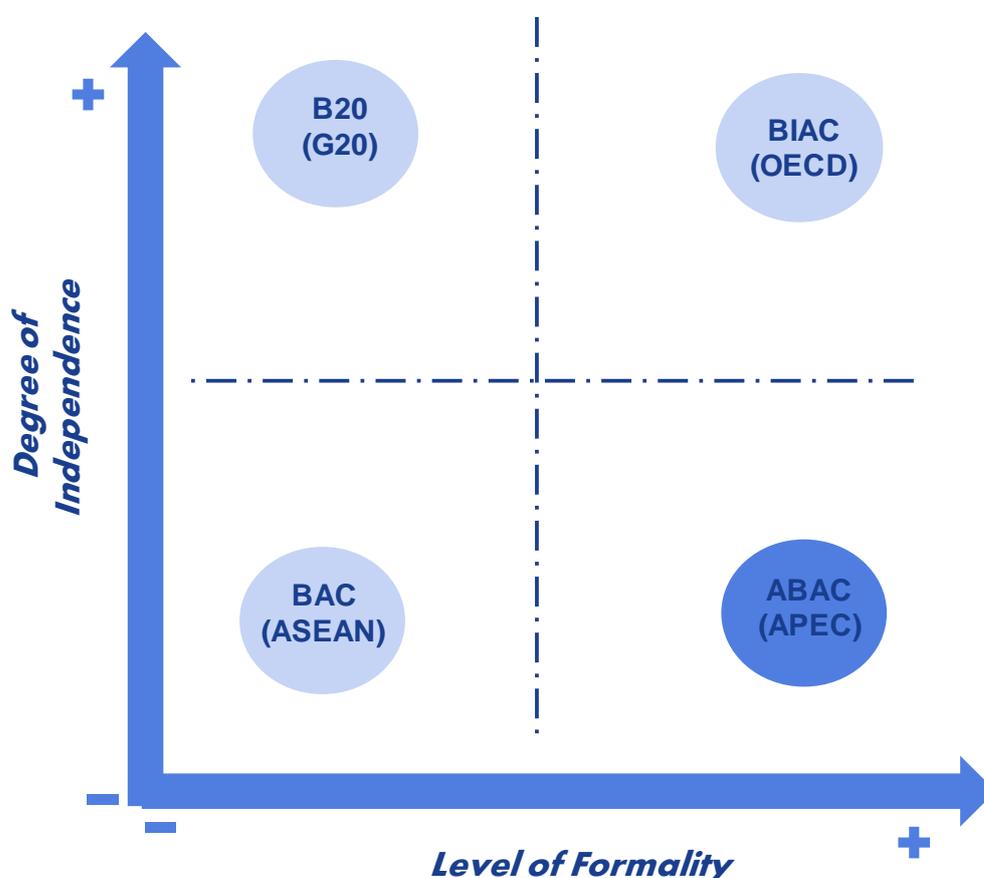
the private sector and the WTO community (Secretariat and delegations). This could build upon the successful experience of the Bali Business Forum (see <http://www.balibusinessforum.org/>) jointly organized by ICC, the International Centre for Trade and Sustainable Development (ICTSD) and The Evian Group@IMD. In other words, it would entail yearly events focused on private sector issues and concerns.

3. Creation of a dedicated platform/forum that would focus on the annual overview of developments in the international trading environment, a report prepared under the responsibility of the Director General that is presented to the Trade Policy Review Body (TPRB) of the WTO. This forum – which could be structured along the lines of the Bali Business Forum – would provide a mechanism for the TPRB to get feedback from the business community on the report in question, as well as other topics of particular relevance to the private sector.
4. Creation of an Advisory Council: it was noted that given the “special” character of the WTO as an institution – e.g. its dispute settlement and negotiation functions – the formalization of such a council would raise questions about potential conflicts of interest and most likely it would not be a consensual decision for WTO members. Hence, if the WTO were to explore the creation of an advisory council, the options would more likely be in the space characterized by a low level of formality and greater independence of the body in question – e.g. similar to the approach adopted by the G20 (see **Figure 3**).

Needless to say, some of these options could be implemented in parallel. From the perspective of the authors, however, option 3 seems to be a good point of departure for this journey. It would not require additional dedicated resources from the Secretariat (the report is prepared on an annual basis in any case) and it would provide a focus for the dialogue with representatives from the private sector. Participation in the forum would be open to individual companies and associations, but the organizers of the forum would identify relevant stakeholders to comment on key sections of the report. The Evian Group@IMD plans to further explore this alternative with other interested parties.

<b>Business Advisory Council (Organization)</b>	<b>Year of creation</b>	<b>Nr of member countries</b>	<b>Policy Working Groups</b>
BIAC (OECD)	1962	34	38
ABAC (APEC)	1995	21	5
BAC (ASEAN)	2003	10	5
B20 (G20)	2008	20	7

**Figure 2: Summary of Business Advisory Councils**



**Notes:**

- *Level of formality: high in business advisory councils with developed organizational structure, high number of working groups and committees, high frequency of meetings and significant interaction with other national and international organizations.*
- *Degree of independence: low in cases where international organization funds the business advisory council and selects key members of staff.*
- *APEC's ABAC is the only one with a seat at the table at the level of the organization's deliberations.*

**Figure 3: Level of formality and degree of independence of Business Advisory Councils**