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COUNCIL

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Council

**DRAFT RESOLUTION OF THE COUNCIL REVISING THE MANDATE OF THE COMMITTEE ON
INDUSTRY, INNOVATION AND ENTREPRENEURSHIP (CIE)**

(Note by the Secretary-General)

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Background

1. The current mandate of the Committee on Industry, Innovation and Entrepreneurship (CIIE) expires on 31 December 2011 [[C\(2006\)132/REV1](#) and CORR1]. The CIIE replaced in 2006 the former Committee on Industry and Business Environment (CIBE) [[C\(2001\)7/FINAL](#)], which in turn replaced the Industry Committee. The latter was created in 1948 under the OEEC and maintained when the OECD was created in 1961. An In-Depth Evaluation of the CIBE was conducted in 2006 [[C/ESG\(2006\)1](#) and [C\(2006\)61](#)], which gave rise to the new name and mandate of the Committee and led to a number of recommendations that were subsequently implemented by the Committee [see [C\(2007\)78](#)]. During the current Mandate, the Chair of the Committee participated in two dialogues with Council, on 14 November 2007 and on 25 March 2010.

2. The CIIE discussed the renewal of its mandate at its meeting in March-April 2011 [[DSTI/IND/M\(2011\)1](#)]. Delegations found that the existing CIIE mandate was still relevant and adequately reflected the main thrust of the CIIE work. However, delegations considered that the mandate should be updated to better reflect the current economic context and the new policy challenges faced by Members (and non-Members). Some amendments were therefore made to the text, also to harmonise the presentation of the mandate better with that of other Committees revised or renewed recently. The main substantive changes to the mandate are as follows:

- The inclusion in the mandate of a strengthened focus on policies to improve the business climate and help firms meet new challenges, reflecting the strong policy need following the economic crisis for enhanced structural change, including the required transition to green growth (see paragraph 2).
- A clearer articulation of the focus of CIIE work on innovation, emphasising the non-technological aspects of innovation, including new business models, thus clarifying the respective roles of the CIIE and the CSTP in the Organisation's work on innovation (see paragraphs 2 and 4.2).
- A stronger focus on CIIE work to highlight the benefits of structural reform and the sharing of good policy practices, thus aligning the CIIE mandate closely with the OECD's overarching objective of better policies for better lives (see paragraph 3).
- A greater emphasis on co-operation with non-Members throughout the work of the Committee, reflecting the growing importance of these economies for industry, innovation and entrepreneurship policies (see paragraphs 1 and 2).

3. In accordance with Rule 21 c), the Committee also evaluated its substructure, notably the Working Party on Small and Medium-sized Enterprises and Entrepreneurship (WPSMEE), the Working Party on Industry Analysis (WPIA) and the Working Party on Globalisation of Industry (WPGI). Members were generally satisfied with the existing substructure of the Committee. The three working parties were considered of continued relevance to the work of the Committee. The number of working parties was considered broadly appropriate and the delineation of the work of the various sub-bodies was considered sufficiently clear. However, the Committee made some changes to the mandates of the Working Parties to further strengthen their policy relevance, and is also taking steps to further increase co-ordination and co-operation.

4. The Committee discussed its draft revised mandate and the evaluation of its substructure at its meeting of 7-9 November 2011 [see documents [DSTI/IND\(2011\)16/REV1](#) and [DSTI/IND/M\(2011\)2](#)] and

agreed to the revised mandate and the evaluation of its substructure, subject to some minor drafting changes. The final draft mandate and evaluation were approved by the Committee through written procedure on 18 November, for transmission to Council. The draft revised mandate is set out in Annex I and the report on the evaluation of the substructure in Annex II.

5. It is proposed that the revised mandate, as set out in the draft Resolution in Annex I hereto, should remain in force for a period of five years, until 31 December 2016, unless the Council decides otherwise. The draft Resolution would supersede all previous provisions concerning the mandate of the Committee. The Committee would return to the Council to propose a revision to its mandate should there be any major developments that warrant such a change.

Proposed Action

6. In the light of the preceding, the Secretary-General invites the Council to adopt the following draft conclusions:

THE COUNCIL

- a) noted document [C\(2011\)165](#);
- b) adopted the draft Resolution of the Council revising the mandate of the Committee on Industry, Innovation and Entrepreneurship (CIIE) as set out in Annex I to document [C\(2011\)165](#), which will enter into force on 1 January 2012.

ANNEX I

DRAFT RESOLUTION OF THE COUNCIL REVISING THE MANDATE OF THE COMMITTEE ON INDUSTRY, INNOVATION AND ENTREPRENEURSHIP (CIIE)

THE COUNCIL,

Having regard to the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

Having regard to the Rules of Procedure of the Organisation;

Having regard to paragraph 1 of the Report of the Preparatory Committee concerning the creation of an Industry Committee [OECD/C(61)9], last revised in 1973 [C(73)235(Final)], which subsequently became the Committee on Industry and Business Environment (CIBE) [[C\(2001\)7/FINAL](#)], and most recently the Committee on Industry, Innovation and Entrepreneurship (CIIE) [[C\(2006\)132/REV1](#) & [CORR1](#), [C/M\(2006\)16/PROV](#), Item 209];

Having regard to the Resolution of the Council concerning the participation of non-Members in the work of subsidiary bodies of the Organisation [[C\(2004\)132/FINAL](#)];

Having regard to the recommendations of the In-depth Evaluation of the Committee on Industry and Business Environment (CIBE) [[C/ESG\(2006\)1](#), [C\(2006\)61](#) and [C/M\(2006\)7/PROV](#), Item 91];

Considering that economic and industrial policies need to be formulated against the background of an ever-changing context for industry, innovation and entrepreneurship and that amongst the trends shaping policy development in these areas are the:

- globalisation of markets and development of global value chains and the increasing interdependence of manufacturing and services;
- growing importance of intellectual property, knowledge assets and entrepreneurship;
- need for adjustment and fiscal consolidation in some developed economies following the global economic and financial crisis;
- success of emerging economies seeking to maintain high rates of growth by moving up the value chain; and
- challenges of climate change, resource scarcity, rapid technological change, population ageing, health, and international development, as well as other societal challenges;

Considering that these trends are driving profound changes in countries' industrial structures and in the respective roles of countries in the global economy, and call for carefully designed policies in response;

Having regard to the proposed revision of the mandate of the Committee on Industry, Innovation and Entrepreneurship [[C\(2011\)165](#)];

DECIDES:

A. The Committee on Industry, Innovation and Entrepreneurship (hereinafter “CIIE”) has the following mandate:

I. Objectives

1. The overall objective of the CIIE shall be to assist governments in designing and implementing industry, innovation and entrepreneurship policies that promote growth in output, incomes and welfare through sustainable improvements in productivity and competitiveness. In fulfilling this objective, the CIIE shall take account of fundamental changes in the world economy that include the globalisation of markets, the growing importance of intangible assets, the need for growth and fiscal adjustment in many economies, the rise of emerging market economies and the long term challenges posed by climate change, resource scarcity, demographic and other social changes.

2. Against this background, the CIIE will be responsible for analysing and developing policy recommendations that require co-operation and consultation among Members and non-Members, focusing on the development of policies that:

- Adapt to the globalisation of production across Members and draw benefits from globalisation, including the role and interactions of SMEs and global value chains;
- Foster structural change and the evolution of industry structures, including policies to adapt to the changing nature of manufacturing and services in a global economy;
- Help create a business climate in which firms can respond to new challenges, including green growth, and where new sectors of the economy are able to grow and established sectors to modernise;
- Improve the conditions for entrepreneurship, job creation, and firm entry and exit, and address the specific needs of SMEs, based on a sound understanding and articulation of the contribution of SMEs to innovation, growth and employment;
- Enhance business investment in intangible assets, including human capital, and foster innovation in business plans and strategies, with particular emphasis on non-technological innovation and new business models.

3. The CIIE will pay particular attention to highlighting the benefits of economic developments and reforms, based on the sharing of best practice policy lessons and the identification of underlying barriers to reform.

II. Co-ordination arrangements

4. In its areas of responsibility, the CIIE shall:

1. Determine the strategic orientations and co-ordinate the work programmes of its subsidiary bodies and receive regular reports from them to ensure analysis and policy recommendations are fully integrated and evaluated.
2. Recognising the central role of innovation as a catalyst for economic development and growth, work closely with the Committee for Scientific and Technological Policy to

ensure the two Committees are fully aligned and share expertise and outputs in pursuit of their respective objectives.

3. Maintain close working relationships with other relevant bodies of the Organisation to complement and support analysis underway, discuss industrial aspects of questions raised and, where appropriate, undertake joint projects.
 4. Co-operate with other international and regional organisations active in this policy field.
 5. Consult with representatives of industry, business, trade unions and public interest groups, where appropriate.
5. Whenever possible, governments shall appoint to the CIIE high-ranking officials concerned with the co-ordination of economic and industrial policies in their own countries.
- B. The mandate of the CIIE will remain in force until 31 December 2016.

ANNEX II

EVALUATION OF THE SUBSTRUCTURE OF THE COMMITTEE ON INDUSTRY, INNOVATION AND ENTREPRENEURSHIP

1. The OECD Rules of Procedure require Committees to undertake an evaluation of the continuing relevance of their own substructure and to submit the results to Council at the same time as proposing renewal of their mandate (Rule 21 c). The synthesis of the Committee discussion is expected to provide Council with the basis for the Committee's appreciation of the need and appropriateness of the continued existence of its working parties and the relevance of their mandates. The CIIE evaluated its subsidiary bodies based on the following criteria:

- Have the working parties performed appropriately in the past?
- Is there still a rationale for the working parties' continued existence as a means for fulfilling the Committee's mandate? How well are they currently contributing to the work of the Committee?

2. To respond to these questions, the Secretariat invited comments from Delegations, both through the CIIE and its Working Parties, some of which were provided at the CIIE meeting in March-April 2011 [see [DSTI/IND/M\(2011\)1](#)]. The various CIIE working parties also discussed their own role, contributions and performance over the past years, leading to a relatively coherent perspective from Members, both as regards the structure of the CIIE and the respective roles of its Working Parties.

3. The responses from Delegations to the request for input demonstrated that Members were generally satisfied with the existing structure of the Committee. The three working parties were considered of continued relevance to the work of the Committee. The number of working parties was considered broadly appropriate for a medium-sized Committee, and the delineation of the work of the various sub-bodies was considered sufficiently clear, although:

- Several delegations noted a growing need to ensure that the sub-bodies provide relevant policy input in the work of the Committee. The recent development by the sub-bodies of roadmaps on their role in the implementation of the CIIE work programme, including the contribution their work was making to policy development, was therefore welcomed.
- Some delegations noted the need for stronger collaboration between the Working Party on Industry Analysis (WPIA) and the Working Party on Globalisation of Industry (WPGI) and a stronger focus of these bodies on policy-oriented analysis. Closer collaboration between these two Working Parties is being developed and both are increasingly focused on policy-oriented analysis.
- Some delegations noted the need for further integration of the work of the Working Party on Small and Medium-sized Enterprises and Entrepreneurship (WPSMEE) in the overall work of the Committee, including closer collaboration between the WPSMEE and other bodies of the Committee, notably the WPIA. In response, the work of the WPSMEE will be better integrated in the future PWB of the Committee and regular back-to-back meetings of the WPSMEE and the CIIE will be organised, the first in April 2012.

- Several delegations noted the need to further strengthen co-operation with the CSTP, and to establish a clearer division of labour with the CSTP in the area of innovation. Such co-operation is currently being developed in the context of the PWB for 2013-2014. The revised draft mandate of the CIIE also includes a clearer articulation of the respective roles of the CIIE and CSTP in the Organisation's work on innovation.
- Delegations broadly supported the need to develop new working methods that could provide efficiency gains and enhance effectiveness, e.g. well-focused workshops to review work and provide additional inputs; back-to-back and/or joint meetings of Working Parties and the Committee, greater use of videoconferencing and teleconferencing capabilities; greater use of electronic discussion groups to communicate between Members and the Secretariat (*e.g.* use of the new tool Clearspace); a greater use of the written procedure for certain administrative tasks; as well as joint Bureau meetings to facilitate communication between Working Parties. Such approaches will be introduced in the coming period.

4. The review also led to some revisions to the mandates of the three working parties [see [DSTI/IND\(2011\)16/REV1](#)]. As concerns the:

- Working Party on Small and Medium-Sized Enterprises and Entrepreneurship (WPSMEE): The main changes involve a greater focus on work by the Working Party to address the challenges SMEs face in obtaining finance for their growth, a problem which has grown since the recent economic crisis; a greater emphasis on policies to foster high-growth enterprises, reflecting the growing policy interest in this area; and a greater focus on collaboration with other organisations working in the areas of SMEs and entrepreneurship policies, reflecting the beneficial nature of such co-operation for the work of the WPSMEE.
- Working Party on Industry Analysis (WPIA): The main changes involve a greater focus in the work of the Working Party on the role of investment in intangible assets, reflecting the growing importance of such assets for growth and productivity; and a greater focus on understanding the role of industry-specific dynamics in the economy, reflecting the need for a more fine-grained understanding of the economy to develop appropriate policy interventions.
- Working Party on Globalisation of Industry (WPGI): The main changes involve a stronger focus on the work of the Working Party in assisting the CIIE by providing policy-oriented quantitative analysis in the area of economic globalisation, responding to the request of the CIIE for a stronger policy focus of the Working Party.