The ecosystem of Non-Market Policies and Practices (NMPPs)

Non-Market Policies and Practices (NMPPs) are usually understood to encompass government measures favouring specific sectors or companies that have the potential to distort global markets. These measures may include subsidies; non-market activities of state enterprises; export restrictions; local content requirements; discriminatory government procurement; forced technology transfers; and the discriminatory application of regulatory regimes, e.g. in areas such as competition policy. While NMPPs can be found in all sectors, the focus of international discussions is currently on manufacturing sectors.

Pervasive and distortionary subsidies are prevalent in sectors such as solar panels, semiconductors, aluminium, steel, shipbuilding, renewable energy equipment and batteries for electric vehicles (EVs), among others. Export restrictions on critical raw materials, which are inputs into many technologies such as renewable energy and transport as well as defence industries, have risen steadily since the OECD started monitoring them over 15 years ago. In some supply chains, a combination of NMPPs has led to market dominance or overconcentration of production.

The extent and evolution in the use of NMPPs calls for creative policy solutions. Some countries have been considering, and have been taking, actions to address the distortions caused by NMPPs by drawing on a mix of instruments. These range from *mitigation strategies* such as stockpiling, monitoring, contingency planning, emergency protocols that help to manage exposure to market distortions to *diversification strategies* such as developing alternative suppliers, facilitating new trade links, lowering regulatory barriers, or supporting investment in additional capacity to *market-corrective strategies* which aim to protect markets from the impacts of distortions caused by NMPPs. Crucially, for these solutions to be most effective, they will require sustained co-operation and joint action, not only among OECD Members but potentially also beyond its membership.

Agenda

8:15-8:45	Registration and coffee
8:45-9:15	**Opening** Welcome Remarks by Benedicte Fleischer (Trade Committee and GFT Chair) Keynote address by the OECD Secretary-General, Mathias Cormann: “Trade policy in an era of industrial strategy and economic security” Senior policy representative

9:15-11:00	**Introduction and Panel Discussion I** "Understanding the ecosystem and the impacts of NMPPs" • Secretariat scene-setting presentation on ecosystem of NMPPs • Panel Discussion with presentations from private sector representatives, followed by Q&A with the plenary <u>Guiding questions:</u> • What kind of NMPPs is your sector exposed to? • How do you respond to the cumulative and interconnected effects of these measures? • How is it affecting your ability to compete? • What would you urge policymakers to do?
11:00-11:15	Coffee break
11:15-12:45	**Panel Discussion II** "Understanding the ecosystem and the impacts of NMPPs" • Panel Discussion with presentations from private sector representatives, followed by Q&A with the plenary <u>Guiding questions:</u> • What kind of NMPPs is your sector exposed to? • How do you respond to the cumulative and interconnected effects of these measures? • How is it affecting your ability to compete? • What would you urge policymakers to do?
12:45-14:30	Lunch break
14:30-16:00	**Breakout Session "**National policy responses to enhance supply chain resilience and diversification" In breakout groups, participants will discuss different government approaches and private sector responses to enhance resilience of supply chains and to diversify within the ecosystems of NMPPs. For each breakout group, a Delegate will give short introductory comments and facilitate the discussion. Private sector representatives and invited non-Members are also welcome to participate in the session. <u>Guiding questions:</u> • What are your main mitigation strategies to supply chain risks (e.g.., early warning systems, contingency planning and traceability efforts)? • How can diversification of supply be achieved? • How quickly can you adapt NMPPs or other supply chain shocks, which impact critical supply chains? • What are the trade-offs, complementarities and sequencing in the case of different national policy responses?
16:00-16:15	Coffee break
16:15-17:30	**Plenary** • Reporting back from breakout groups • Concluding remarks
17:30	End