Corporate Bond Market Trends, Emerging Risks and Monetary Policy

Corporate bond markets have become a major source of financing for non-financial companies. This report by Serdar Çelik, Gul Demirtaş and Mats Isaksson analyses recent developments and emerging risks in corporate bond issuance.

Covering both advanced economies and emerging markets, the report provides new data showing that, in comparison to previous credit cycles, today's stock of outstanding corporate bonds has lower overall credit quality, higher payback requirements, longer maturities and inferior investor protection.

Sovereign Borrowing Outlook for OECD Countries

The combined gross borrowings of OECD governments from the markets, which peaked at USD 10.9 trillion in 2010 in the wake of the global financial crisis, are set to reach USD 11.4 trillion in 2019. This upward movement is forecast to continue in 2020, albeit at a slower pace.

This report by Fatos Koc and Gary Mills examines net and gross sovereign borrowing in OECD countries from 2007 to 2020. Based on data collected through an annual survey, it provides an overview of, and outlook for, sovereign borrowing needs, redemptions and outstanding debt in the OECD area from 2007 to 2020.

OECD Competition Trends

This new annual publication presents unique insights into global competition trends based on data from more than 50 OECD and non-OECD jurisdictions. In addition to analysing different regimes and their resources, the report describes enforcement trends relating to cartels, abuse of dominance cases and merger reviews. A special section focuses on cartel sanctions.

Based on two recently developed OECD databases, this report prepared by Wouter Meester and Carolina Abate provides easily accessible and up-to-date information which allows competition agencies and governments to compare their own frameworks and activities with general averages and trends.
**OECD Peer Review of Competition Law and Policy in Mexico**

Mexico’s competition regime has been modified three times in the last 14 years. The reforms and, in particular, the adoption of the 2014 competition law are the result of Mexico’s ambitious efforts to set a level-playing field for all economic agents and to improve the effectiveness of competition enforcement.

This peer review – available in English and Spanish – was prepared by Mona Caroline Chammas and Iratxe Gurpegui. It describes and assesses the development of Mexico’s competition regime and the evolution of competition policy over the last few years, in particular since the reforms introduced in 2014.

**Alignment assessment of industry initiatives for due diligence in the garment and footwear sectors**

The OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector is the negotiated and government-backed benchmark for due diligence by industry, multi-stakeholder and government-backed initiatives. To help support a common understanding of due diligence while also enabling cross-recognition between programmes, the OECD has launched a voluntary process to assess the alignment of these initiatives with the OECD Guidance.

This report prepared by Jennifer Schappert sets out the findings of the OECD’s evaluation of the German Partnership for Sustainable Textiles.

**The most favoured nation (MFN) and non-discrimination provisions in international trade law and the OECD codes of liberalisation**

Increasing moves away from multilateralism have created a fragmented trade and investment scenario where economies progressively combine the application of restrictive unilateral actions with bilateral and regional preferences. The application of, and exceptions to, the non-discrimination provisions are a fundamental element of these trends.

This paper by Andrea Marín Odio sheds light on the two types of non-discrimination provisions considered the founding stones of the multilateral system: the MFN clause - as developed under the GATT and GATS - and the non-discrimination clause among countries adhering to the OECD Codes of Liberalisation.

**Long-term Care and Healthcare Insurance in OECD and Other Countries**

Financing the long-term care and health care systems can be burdensome for countries and finding financing solutions that support fiscal budgets is an important consideration with ageing economies and demographic changes.

This report prepared by Mamiko Yoko-Arai is a stocktaking of long-term care and health care systems in OECD and non-OECD countries with a strong focus on the nature of the insurance markets that contribute to these systems. It is part of a broader project that examines the complementarity of the social security network with the private insurance market, which examines how insurance could support the public sector in this area, as well as considering the financing of long-term care and health care.
Policy Guidance on the Structure of Insurance Regulation and Supervision

This policy guidance presents the concepts and definitions related to insurance regulation and supervision, and outlines best practices in this area. A better understanding of the nuances and practical applications of the key concepts will help insurance authorities to consider how best to introduce best practices into their structures, while integrating the unique characteristics of their local markets.

Regulatory and Supervisory Framework for Insurance Intermediation

Insurance intermediaries have a key role in the efficient functioning of insurance markets, and minimising information asymmetries and risk of adverse selection is an important consideration. Intermediaries can analyse the needs of insurance consumers, and advise on appropriate solutions and policies that fit these needs. As with all principal-agent relationships, the needs and goals of intermediaries and policyholders are sometimes different and sometimes conflicting.

This report, prepared by Mamiko Yoko-Arai and Leigh Wolfrom, examines how OECD and non-OECD countries are regulating and supervising insurance intermediation, focusing on market conduct rules as well as rules related to digitalisation of intermediation.

Insurance Coverage for Cyber Terrorism in Australia

The increasing integration of digital technologies into business and infrastructure management and operations is greatly enhancing efficiencies but this comes with new vulnerabilities that can be exploited by terrorists and other politically motivated actors to cause harm and economic disruption. This prompted the Australian Reinsurance Pool Corporation (ARPC) to undertake a research study on the threat of cyber terrorism in Australia.

This report, prepared by Leigh Wolfrom, provides an analysis and assessment of insurance coverage and outlines options for extending ARPC coverage.

Building Sustainable Cyber Insurance Markets

In an era of increasing reliance on digital technologies - and the growing exposure to cyber risks that accompany that reliance - cyber risk insurance can make an important contribution to providing financial protection and helping policyholders prevent and respond to cyber incidents.

Two reports, prepared by Mamiko Yoko-Arai and Leigh Wolfrom, examine the role of public policy and regulation in supporting the development of a sustainable cyber insurance market.
OECD Pilot Project on Responsible Agricultural Supply Chains in Southeast Asia

The OECD is engaged in promoting the understanding and uptake in Southeast Asia of supply chain due diligence recommendations in the OECD-FAO Guidance for Responsible Agricultural Supply Chains. This report presents the findings of a baseline survey conducted amongst companies along agricultural and seafood supply chains to understand how they are implementing responsible business practices and in particular risk-based due diligence across agricultural supply chains.

Digital Disruption in Banking and its Impact on Competition

The banking industry is facing radical transformation and restructuring, as well as a move toward a customer-centric platform-based model. Competition will increase as new players enter the industry, but the long-term impact is more open.

This paper surveys technological disruption in banking, examining its impact on competition and its potential to increase efficiency and customer welfare. It analyses the possible strategies of the players involved — incumbents and FinTech and BigTech firms — and the role of regulation.

Merger Control in Dynamic Markets

The competition dynamics observed in rapidly-evolving sectors, such as high-technology, consumer services and online retail, is challenging the role of competition authorities in merger control, where enforcement decisions depend on an effects-based analysis of the likely future effects of the merger.

This paper, prepared by Pedro Gonzaga and Gabriella Erdei, discusses the role of merger control in dynamic markets and identifies the main practical proposals that have been made to adapt the different stages of the review process to take into account market dynamics over time.

Competition in Labour Markets

A recent fall in the labour share of income in some countries has stirred a debate on monopsony and the market power of employers to reduce workers’ wages or working conditions below competitive levels. The debate focused attention on the role that competition agencies may have to help ensure efficient labour input purchasing markets.

This paper, prepared by Cristina Volpin and Chris Pike, sets out the economic drivers and effects of employer monopsony power in labour markets. It analyses when the creation or exercise of monopsony power by employers may infringe competition law and identifies the cases where competition enforcement can effectively address monopsony power in such markets.
Over 400 participants took part in a rich day of discussions on hot topics in competition law and policy. Watch the webcast.

OECD Secretary-General Angel Gurría launched OECD Competition Trends at the Open Day. Watch the webcast.

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**ANNOUNCEMENTS - BLOGS - SPEECHES**

**ANNOUNCEMENT** - Call for contributions on implementation of the OECD Anti-Bribery Convention in Italy and in New Zealand

**SPEECH** - Angel Gurría presents global competition trends

**BLOG** - Hannah Koep-Andrieu reports from the DR Congo on due diligence efforts to improve conditions in cobalt and copper supply chains

**BLOG** - Sara Court on Australia’s efforts to protect consumers’ interests in digital markets without stifling innovation
EVENTS

1 FEB - Call for papers on International Capital Flows and Financial Policies
11-13 FEB - Forum on Due Diligence in the Garment and Footwear Sector
13 FEB - Launch of the Competition Law and Policy Review of Mexico
17 FEB - Public Consultation on Business Responsibilities and Investment Treaties
25 FEB - Workshop on Vertical Mergers and Vertical Restraints
26 FEB - OECD Competition Open Day
27 FEB - IOPS International Conference on Pension Supervision and Regulation

A NUMBER OF PUBLIC EVENTS SCHEDULED TO TAKE PLACE THROUGHOUT MARCH 2020 WILL TAKE PLACE ONLINE OR HAVE BEEN CANCELLED OR POSTPONED DUE TO TRAVEL AND VISITOR PRECAUTIONS RELATING TO THE CORONAVIRUS COVID-19.

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