

# FRS – Japan Program

## THE ROLE OF OECD AND MULTILATERAL COOPERATION FOR DEVELOPMENT: A VIEW FROM JAPAN

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Ambassador Okamura has been working for Africa, first as Ambassador to Côte d'Ivoire (2008-2011), then as Director-General for Africa (2012-2014). He was responsible for organizing the TICAD V (2013) as its Secretary General. As Deputy Permanent Representative to the United Nations (2014-2017), he was in charge of the Africa-related agenda in the Security Council. As the Representative of the Government of Japan for International Peace and Stability Ambassador Extraordinary and Plenipotentiary (2017-2019), he was in charge of Japan's cooperation program for peace and stability in Africa.

Ambassador Okamura has long experience in the field of peace and conflict. He worked as Government Chief Coordinator in Japan's Assistance Mission for the Rwandan refugees (1994) and as Chief Political Officer in the United Nations Mission in Kosovo (UNMIK, 1999-2000).

Ambassador Okamura started his career at the Ministry of Foreign Affairs in 1981. He was also posted to Japanese overseas establishments in Algeria, Italy, India, France, and the Mission to the International Organizations in Vienna.

**Question 1: Japan joined the OECD in 1964. Since then, the world has undergone significant changes after the end of the Cold war and with the emergence of the People's Republic of China. Globalization has become the norm, and the weight of Asia has increased considerably. At the same time, the role of the OECD has also evolved. Its legitimacy or usefulness has sometimes been questioned. In that context, what does the OECD represent today for Japan?**

The OECD is well known as a “standard setter”. The Organization has played its leading role to establish international rules and standards in various socio-economic areas. These standards, whether

legally-binding or not, have helped OECD members and partner countries to develop, reform and internationally coordinate their domestic policies. Another key feature of this Organization is an “evidence-based” approach. Its solid analytical work based on data forms the basis of standard setting. Each year, thousands of experts gather in the OECD to share their expertise and experiences. With these two comparative advantages, the OECD allows members and partner countries to exchange their views, learn from each other through their practices, and set further rules and standards. Not only Japan but the world as a whole benefit from these important roles of the Organization.

The roles of the OECD have been evolving as its surrounding situation changed. The dynamics of the world economy has greatly changed since its inception more than half a century ago, and the OECD cannot help but adopt itself to the new reality. By 2011, the total amount of GDP of OECD countries had declined to less than half of the world GDP, and the ratio has decreased further since, as you pointed out, countries such as China, India, and Southeast Asian countries are becoming more and more significant. This goes for Africa and Latin America as well. In this increasingly globalized world, the OECD will risk its relevance, impact and significance unless it provides global fora and standards which are not only for “European countries” or “developed countries” but also for a wider range of actors.

This does not mean that the OECD should lower the level of standards so that non-members can adhere to them without difficulty. The Organization instead needs to reflect a variety of viewpoints when developing its standards, which must be high-level but inclusive. To this end, Japan, as one of the only two OECD members from Asia, will continue to contribute to well-balanced discussions towards standards that are relevant, impactful and significant to the world.

**Question 2: In your opinion, can the OECD as a global think tank play a significant role in preserving the universal values of the liberal international order? What field could be considered a priority for Japan?**

The OECD is a stronghold of multilateralism. As I mentioned earlier, the OECD has played a significant role in setting rules and standards, and definitely contributed to strengthening the rule-based international order. Beginning with the Code

of liberalization of Capital Movements in 1961, the OECD’s works and instruments have been making remarkable progress in such areas as the environment, RBC (Responsible Business Conduct), anti-corruption, corporate governance, competition, etc. Among others, its work on trade and investment, in which the OECD traditionally has comparative advantages, including level playing field, is one of the utmost priorities for Japan.

Some socio-economic problems are solved by each country’s individual effort, but most of them, particularly the current emerging challenges are transnational in nature, which requires close policy coordination among countries. For instance, the OECD has long been addressing the issues relating to taxation as well as digitalization; these are typical problems which go beyond national borders. Faced with these new phenomena, the OECD can capitalize on its core strength in evidence-based analysis and policy recommendations on how policy makers in each country should better deal with these emerging challenges and opportunities in an internationally harmonized manner.

In this context, Japan highly values the OECD’s competence to establish rules and standards on cutting-edge fields. Digitalization is without doubt one of our top priorities in the OECD as demonstrated in our contribution to realizing the Recommendation on Artificial Intelligence last year. More broadly, Japan has experienced a number of new challenges ahead of other countries and learned lessons from them: “bubble economy” in the 1980s, long deflation and inception of zero interest rate policy from the 1990s and quantitative easing in 2000s, devastating earthquakes and tsunami in 2011 as well as the subsequent reconstruction efforts. Issues relating to the ageing of the

population are also ongoing. We are willing to share our experiences with other members and partner countries and also to learn from them to shape “Better Policies for Better Lives”.

Last but not least, Japan attaches importance to the work of the OECD on well-being where it has produced useful and unique indicators. This is the very area where data and evidence-based analysis speak volumes, and can provide insights to policy makers. I am confident that the OECD will continue to be a leading institution to tackle a wide range of issues from those traditional to latest that members and the world care about.

**Question 3: What role can the OECD play to concretely promote sustainable and balanced development, a factor of stability in today's most fragile areas of the world?**

Development stands as one of the three pillars of the OECD. Since its establishment, the OECD has worked to “contribute to sound economic expansion” in both member and non-member countries. Among the latter, especially developing countries, the Development Assistance Committee (DAC) and the Development Centre have played a major role.

Today, the OECD’s engagement, especially with non-member developing countries, is more relevant and crucial than ever. Developing countries now constitute a core part of the global supply chain. Yet, they still face societal challenges such as conflict, violence, natural resource exploitation, and human trafficking. In order for the OECD to facilitate sound economic growth in these countries, we cannot overlook their societal challenges, as it is an important element for a more stabilized world.

One important issue we are discussing is the lack of finance within the development sector. The slogan “from billions to trillions” is often used to rally funds for the achievement of the Sustainable Development Goals (SDGs), which is said to be lacking 2.5 trillion dollars a year. The development community is seeking to gain further momentum to increase development finance and investments to developing countries, and the OECD can lead the creation of a global framework to mobilize funding. More concretely, its expertise will allow to establish criteria to identify investment-worthy projects as well as to create indicators to visualize investment impact. It can also encourage government initiatives for financing and investment through peer learning, and provide opportunities to discuss how ODA can be a catalyst for increasing private investment.

My major interest in this context is the OECD’s engagement with Africa. I am concerned that the OECD’s engagement in the region has not been progressing enough, considering the upsetting societal challenges that are prevalent in the region and the potential grave impact it could have on Europe as its close neighbor. Japan has strengthened its work with the continent through TICAD (Tokyo International Conference on African Development) since 1993. It has worked to tackle such societal challenges by focusing on good governance beyond encouraging foreign investment for economic development. From these experiences, I believe we can provide an alternative insight to further enrich the OECD’s engagement with Africa.

**Question 4: Faced with an unprecedented global health crisis, can the OECD, as a global think tank, play a role in limiting**

## **the economic consequences and develop scenarios to better factor in strategic surprises?**

The OECD responded very promptly and properly to the COVID-19 by publishing “Interim Economic Assessment” on March 2<sup>nd</sup> as an initial action. That report gives analysis on the economic impact of this virus, and provides policy recommendations to the OECD countries. What is very remarkable in the report is its comprehensive analysis on how the spread of the COVID-19 can affect the global economy through various economic channels, and these analyses allow this organization to provide possible future scenarios in a persuasive manner. This report is to become one of the important bases to understand the impacts that this ongoing health crisis might have on our economy. A solid analysis of this kind shows us the core strength of the OECD. Also, the policy recommendations it proposed, such as increasing resources to the health sector, reducing or delaying tax payments, and expanding liquidity to banks, would give member countries important policy suggestions, and would enhance policy coordination at the international level to tackle this unprecedented challenge. The situation develops very rapidly. A major part of the world economy has been paralyzed by the lockdown, and no one can precisely predict the consequences. It imperatively requires further research and policy responses.

This crisis has posed challenges to the global economy in many aspects. The OECD is expected to address broad social and economic challenges ahead. For instance, the COVID-19 has caused the worldwide disruption of the Global Value Chains. European and North American countries are now experiencing a significant dysfunction of the GVCs similar to

what Japan experienced in the aftermath of the Great East Japan Earthquake in 2011. The development of GVCs has driven technological progress, expanded international trade and contributed to higher growth, but the current crisis has shed light on their weakness.

In this context, the challenge ahead of us is to analyze these impacts, deal with the uncertainty and create a truly resilient and sustainable global economy. The OECD can make the best use of its knowledge and provide us with useful policy advice so that we can cope with this challenge. At this critical moment, expertise in relevant fields has never been more valuable.

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**Question 5: In 2014, Minister Kishida said in a speech celebrating the 50<sup>th</sup> anniversary of admission to the Organization that the OECD had also enabled Japan to promote essential reforms. The issue of gender balance is a major topic for the OECD, which also corresponds to Prime Minister Abe's position on the subject. How can Japan contribute more meaningfully to this agenda both at home and abroad?**

When Prime Minister Shinzo Abe took office in 2012, one of his top priorities was to drive women’s empowerment forward. The Japanese government adopted policies to improve the system of childcare and the condition of its workforce. For business sectors, a new regulation was

introduced in 2016 to require private companies to make their own action plan for women's empowerment as well as to disclose information on women's participation and advancement in their workplace. The government has widened the scope of this regulation this year, and it has also started attempts to promote gender equality at political level.

The results of these reforms of systems are noteworthy. The number of women in employment has increased steadily for six consecutive years, by around 3 million in total, while the working-age population as a whole was decreasing. The percentage of women in employment between the ages of 25 and 44, in the period when many of them have childcare responsibilities, has increased from 67.7% in 2012 to 76.5% in 2018. It has contributed to reducing the "M-shaped curve\*" of women's in Japan.

Japan is faced with a shrinking population as a result of a falling birthrate combined with the ageing of society. This situation is not specific to Japan, other countries will have the same experience in the near future. Japan is a leading country to tackle challenges and harness opportunities arising from this phenomenon, and the role of women is crucial in this trend.

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\* In Japan, there was a tendency that women leave employment after marriage or childbirth, and then they return to work after they finish raising their children or their children reach a certain age. As a result, the graph of the labor force participation rate of women by age group shows a curve similar to the letter "M"