

Making Japan's comeback last

The gender question

Trade in value added: Not just Made in Japan

Innovation and cool entrepreneurship

Education: Learning to change

Towards a more agile governance

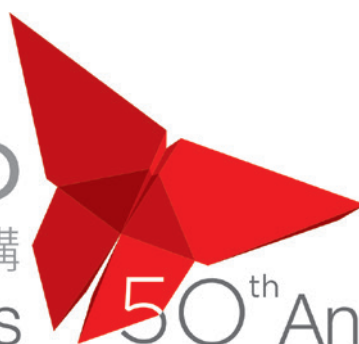
Half a century of development

Art and architecture

OECD people



2014 Japan's



50th Anniversary

Japan is back!



A new day, a new journey.



A STAR ALLIANCE MEMBER 

www.anaskyweb.com

READERS' VIEWS

- 2 Paris by e-car; Will power; No growth climate

EDITORIALS

- 3 Japan and the OECD: Celebrating 50 years of progress
Angel Gurría, Secretary-General of the OECD
- 4 Half a century of OECD membership: Japan's expectations and commitment
Fumio Kishida, Minister for Foreign Affairs, Japan

NEWS BRIEF

- 6 Inequality warning—; —as income taxes rise; Soundbites; Economy; Country round-up; Sovereign borrowing to fall; Tax information sharing advances; Take tourism seriously; Plus ça change

JAPAN: SPECIAL ANNIVERSARY FOCUS

- 8 Japan and the OECD: How the sun rose on a global era
Peter Carroll, Tasmanian School of Business and Economics, University of Tasmania, and William Hynes, OECD Development Co-operation Directorate
- 10 The OECD and Japan: Marking 50 years of membership
Rintaro Tamaki
- 13 Japan: Making the comeback last
Randall Jones
- 15 Closing the gender gap can boost the economy
Willem Adema
- 17 Trade: Not just Made in Japan
Asako Ueno and Norihiko Yamano
- 20 Reflections on Japan: An innovation story
Dirk Pilat
- 21 "Cool Japan": An enterprising new model?
John West, Executive Director, Asian Century Institute
- 23 From globalisation to a new corporate culture
Risaburo Nezu, Research Institute for Economy, Trade and Industry, Fujitsu Research Institute
- 25 Mobilising towards a new era of innovation
Yuko Harayama, Executive Member, Council for Science and Technology Policy, Cabinet Office, Japan
- 26 Education in Japan: Learning to change
Andreas Schleicher

- 28 Towards a more agile public governance
Rolf Alter, Edwin Lau and Setsuko Saya
- 31 Japan in East Asia
Katsutoshi Saito, Chairman, The Dai-ichi Life Insurance Company, Limited; Vice-Chairman, Keidanren & Vice-Chairman, BIAC Executive Board
- 32 Marking economic growth and social progress
Nobuaki Koga, President, Japanese Trade Union Confederation (RENGO)
- 33 Over half a century of development assistance
- 34 An artist in a rising sun: Yuko Sakurai
- 36 Japan's radiant architecture
Ruairí O'Brien, Architect
- 39 Japan at the OECD and the OECD in Japan: A story of economic policymaking
Kumiharu Shigehara, former Deputy Secretary-General and former Chief Economist at the OECD
- 41 Serving a new world
Seiichiro Noboru, former Ambassador, Permanent Delegation of Japan to the OECD
- 42 People at the OECD

OECD.ORG

- 45 Recent speeches by Angel Gurría
- 46 Calendar; Frankie.org

BOOKS

- 47 Getting the forecast wrong
- 47 Information against tax dodging
- 48-51 New publications on OECD iLibrary
- 52 Innovating and decongesting Japan's airports
- 52 OECD Observer Crossword

DATABANK

- 53 Development aid rises, but not for sub-Saharan Africa
- 53 What if Paris flooded?
- 54 Main economic indicators
- 56 An impressive comeback

ORDER FORM... ORDER FORM



Celebrating 50 years at the OECD. Editorials from page 3



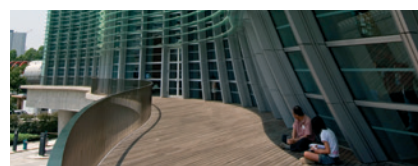
Japan's economy, page 13



Trade in value-added, page 17



Cool entrepreneurship, page 21



Radiant architecture, page 36

 **Observer**

www.oecdobserver.org
© OECD March 2014

ISSN 0029-7054
Tel.: +33 (0) 1 45 24 80 70
Fax: +33 (0) 1 45 24 82 10
sales@oecd.org

Founded in 1962. The magazine of the Organisation for Economic Co-operation and Development

OECD Publications 2 rue André Pascal
75775 Paris cedex 16, France
observer@oecd.org
www.oecd.org

Published in English and French by the OECD
EDITOR-IN-CHIEF: Rory J. Clarke
SENIOR EDITOR: Ricardo Tejada
EDITOR/WEB: Loïc Verdier
PLANNING AND DEVELOPMENT EDITOR: Diana Klein
WRITER: Lyndon Thompson
EDITORIAL ASSISTANTS: Leslie Diamond, Impreet Natt, Jun Maruyama
LAYOUT: Design Factory, Ireland
ILLUSTRATIONS: André Faber, Charlotte Moreau, David Rooney, Stik
PHOTO RESEARCH: Rory J. Clarke
ADVERTISING MANAGER: Aleksandra Sawicka

Applications for permission to reproduce or translate all or parts of articles from the OECD Observer, should be addressed to: The Editor, OECD Observer, 2 rue André Pascal, 75775 Paris, cedex 16, France.

All signed articles and letters express the opinions of the authors and do not necessarily represent the opinion of the OECD.

Reprinted and translated articles should carry the credit line "Reprinted from the OECD Observer", plus date of issue. Signed articles reprinted must bear the author's name. Two voucher copies should be sent to the Editor. All correspondence should be addressed to the Editor. The Organisation cannot be responsible for returning unsolicited manuscripts.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Readers' views



We welcome your feedback.

Send your letters to observer@oecd.org or post your comments at www.oecdobserver.org or www.oecdinsights.org

Paris by e-car

Congratulations on choosing a photo of the Paris-based Autolib' electric carsharing scheme to illustrate your article on the plight of the car industry in the OECD area ("The automotive sector: Steering beyond the crisis" in No 297 Q4 2013). Unlike demand for conventional cars, which you say will decline, the outlook for electric cars is surely brighter—the owners expect the pay-and-go Autolib' to become profitable by 2018, and there are countless other electric car producers nudging into the market. Moreover, the Bolloré Bluecar used by Autolib' symbolises what Europe can do: designed by Pininfarina, built in Bairo, Italy, and launched in Paris in 2011. If the trend catches on, Europe's old city centres could become the cleanest and smartest places to live on earth.

R Delucenay, Paris, France

Will power

I have been involved in this discussion for 50 years now and appreciate the points made by both sides ("Ending poverty", oecdinsights.org). However strong their quoted "indicators" may be, the true fact is that all the "political will" in the world has proved to be completely worthless. Having worked in many countries around the world, I know that the biggest barrier to alleviating poverty is corruption.

It forms part of the norm, albeit in different degrees, in so many countries. Some Middle Eastern countries have set laws and monetary systems in place, which are starting to have a major impact on "traditional" ways of working. Perhaps

lessons could be learned from these countries, from whom advice may be more readily accepted by lands where it is endemic.

Philip Hodkinson

At last, the debate about poverty and inequalities (national and global) comes face-to-face with its nemesis: this they call "political will". I like the sound of it, considering everything and almost anything has been tried by rich donor countries/NGOs/corporate foundations. [...]Can we have more of this "political will" as the main ingredient of development work and foreign aid?

Lily Hidalgo

No growth climate

Climate change is a result of humanity's overuse of resources. Technology cannot undo the damage done, neither can governments nor markets, since in both the prevailing paradigm is growth—being a truly suicidal ideology on a finite planet.

Behavioural change must start with the people in power, but these are immune to scientific reasoning on the one hand and unshakable believers in hope, optimism and technology on the other hand.

Helmut Lubbers, commenting on OECDInsights.org

Comments and letters may be edited for publishing. Send your letters to observer@oecd.org or post your comments at these portals: www.oecdobserver.org, www.oecdinsights.org, or at the other OECD portals on this page.

Order this now!

Keeping you ahead of the policy challenges of our time. Since 1962.

Each subscription to the OECD Observer includes the OECD Yearbook.

Return the order form on page 56, subscribe at www.oecdobserver.org/subscribe.html or email us at observer@oecd.org



Japan and the OECD

Celebrating 50 years of progress



Japan is forging
a stronger, more
resilient society

Angel Gurría
Secretary-General of the OECD

This year marks the 50th anniversary of Japan's membership of the OECD. Japan joined our organisation on 28 April 1964, marking a significant milestone as the first Asian country to do so.

For Japan, joining the OECD also meant regaining its rightful place among the world's most advanced economies, following the post-war reconstruction period. The OECD was created in 1961, and for the first three years of its existence remained an "Atlantic" community, bringing together Europe and North America. With Japan's joining, the OECD took its first steps as a globally relevant organisation. Japan brought new perspectives and policy experiences, and provided a link to one of the world's most dynamic regions.

Japan's accession to the OECD came at a time of unprecedented growth for the country, as the economy expanded by nearly 10% per year for most of the 1960s. The 1970s and 1980s were also marked by high growth rates, led by strong innovation in engineering, automotive and electronics sectors. The so-called Japanese miracle was to mark a generation of economists, academics and politicians in other OECD countries, as proof of what ingenuity and the pursuit of excellence in education and other disciplines could achieve. Then, in the 1990s growth slowed markedly after the collapse of an asset price bubble. This led to major challenges over the following two decades, which included dealing with deflation, social pressures and unprecedented levels of public debt. The country also faced increased competition in export markets as other Asian economies opened up and consolidated their place in the global economy.

This half century of OECD membership has witnessed many positive changes in Japan, which is now the third largest economy in the world and the second largest among OECD members. It is actively engaged in every aspect of the OECD work, and has successfully led many initiatives in areas such as innovation, skills, trade, and development aid, as well as risk management. At present, Japan plays a leading role in the OECD's global relations with Southeast Asia. Today, Japan's economic prospects have improved notably, accompanied by a marked upswing in private sector confidence and public optimism. Prime Minister Shinzo Abe's economic revitalisation strategy (known as the "three arrows") encompasses bold monetary policy, flexible fiscal policy and targeted measures to reignite competitiveness through

structural reforms. These are all welcome developments. As this special edition of the *OECD Observer* explains, economic recovery can be sustained if public debt is reined in and associated structural reforms are vigorously pursued, particularly in the areas of competition, labour markets and gender equality. Such measures are essential to restore long-term growth and address pressing social challenges.

Japan must continue its efforts to open up its economy and more fully integrate into global value chains, through international trade and investment, but also by nurturing and fostering the innovation and creativity that characterised its expansion during the second half of the 20th century. Japan can play a larger role in the global innovation networks, building on its renowned prowess in electronics, robotics, optic lenses, electronics, and several other particularly dynamic sectors of the Japanese economy.

In this edition we also pay tribute to Japan's rich tradition of art and architecture, whose vibrancy reaches well beyond its borders. We also highlight the country's resilience and its inexhaustible capacity to recover and thrive in response to economic shocks and in the wake of natural disasters.

This was evident during the Great East Japan earthquake in 2011. This was the most powerful earthquake ever to hit the country, costing tens of thousands of lives and leaving wide areas destroyed. The OECD stood alongside Japan throughout this enormous tragedy, providing policy advice in the reconstruction efforts and helping the country recover from the resulting social and economic disruption.

This catastrophe also reminded us how resilient the Japanese people are. As the Japanese say: After the rain, the ground always hardens (雨降って地固まる). Out of this tragedy, Japan is forging a stronger, more resilient society.

This is why we are doubly pleased to have Japan as chair of the 2014 Ministerial Council Meeting (Paris, 6-7 May) and for members to have chosen "Resilient Economies and Inclusive Societies: Empowering people for jobs and growth" as the main topic for this year's meeting. Japan has shown us that it is not only possible to recover from extremely challenging natural disasters and profound economic adversity, but to do so while emerging stronger than before. We draw a valuable lesson from these experiences on how the world economy can also "bounce forward" and recover from the worst crisis of our lifetimes.

All OECD countries feel inspired by the example Japan has set over the past half century, and Japan continues to benefit from its membership of the organisation. This exchange of visions and experiences makes progress possible. Japan's 50th anniversary at the OECD is an occasion for us all to celebrate. Thus, I invite you to participate in the activities and events planned for the 2014 OECD Week.

www.oecdobserver.org/angelguria
www.oecd.org/secretarygeneral

Half a century of OECD membership

Japan's expectations and commitment

©Ministry of Foreign Affairs, Japan



Japan has demonstrated resilience, time and time again

Fumio Kishida
Minister for Foreign Affairs, Japan*

Japan gained OECD membership in 1964, the same year it hosted the summer Olympic Games in Tokyo. Its entry into the organisation is significant in three main ways. The first is historical: Japan's joining the OECD, which followed the signing of the San Francisco Peace Treaty in 1954 and entering GATT in 1955, signalled its successful transformation into a fully industrialised economy. Second, membership has helped Japan promote various domestic reforms facilitated by OECD recommendations, analysis and data, such as the liberalisation of capital movements. Third, the OECD has provided greater opportunity for Japan to engage with the international community in resolving global issues through the organisation. Japan has continued to take an active role in international rule-making in areas ranging from macroeconomic policies and economic development to trade and investment, as well as tax.

Building a resilient economy

In the 50 years since Japan joined the OECD, the international community has experienced dramatic change. The end of the Cold War, the rise of emerging economies, the global economic crisis, not to mention the burgeoning growth of mobile phones, the internet, and social media, are all having a profound impact on government policies throughout the world. While uncertainties abound, there is heightened recognition of the importance for governments, communities and individuals to build "resilience". Resilience can be defined as the ability to minimise damage and avert the worst outcome as well as the capacity to bounce back quickly in the face of adversity.

Japanese bamboo is a perfect embodiment of this quality. In winter months, it bends under the weight of the snow but refuses to break, and when spring comes, new shoots burst forth, strong and straight.

Japan has demonstrated this resilience time and time again. Its recovery from the 1970s oil crises and its ongoing struggle to overcome the devastating effects of the 2011 Great East Japan

Earthquake are just two examples of the country's ability to face up to hardship.

The 2014 OECD Ministerial Council Meeting, under the theme "Resilient Economies and Inclusive Societies", will be chaired by Japan, marking its 50th year of membership. Noting its failure to effectively predict the 2008 global financial crisis, the OECD is in the process of a full review of its policy proposals and analysis procedures under the New Approaches to Economic Challenges (NAEC) project led by OECD Secretary-General Angel Gurría. The uncertainty of the current economic climate underscores the grave need for individuals, countries and the international community to focus on building greater resilience.

Partnering with Asia

Adding Japan to the OECD roster as the 21st member in 1964—the first new member since the organisation's inception—also marked the OECD's first steps to transform itself from a European institution to a global organisation. Fifty years later, its membership has expanded to include a wider geographic region from Central and Eastern Europe to Central and South America, yet only two member countries represent Asia today: Japan and Korea. The 21st century has been hailed as the Asian Century. In addition to promoting greater engagement with China, India, and Indonesia, identified as key partners of strategic importance, the OECD is poised to deepen relations with Southeast Asian countries with the launch of the Southeast Asia Regional Programme at the Ministerial Council Meeting in May 2014. Japan is looking forward to playing a role in bridging the interests of the OECD and Southeast Asia.

The OECD's role

What can the OECD do, going forward, to maximise its role as a global organisation and the world's most influential economic think tank? The OECD's strengths can be found in its consensus-building approach that encourages active dialogue and exchange of good practices among member countries that share common values and goals, coupled with a comprehensive, multilayered and multidimensional analysis on a broad range of economic and social challenges. It can be said that the OECD guidelines formulated through this process reflect the highest global standard industrialised economies provide.

In our increasingly globalised world economy, we look to the OECD to encourage and facilitate adherence of the rising emerging economies to its guidelines, while playing a greater role in framing and inspiring debates at G20 and other international economic forums by drawing on its reservoir of expertise. On the occasion of Japan's 50th year of membership, the government of Japan, which is the OECD's second largest contributor, reiterates its firm commitment to continue making positive contributions to the OECD.

*Japan chairs the annual OECD Ministerial Council Meeting on 6-7 May 2014
Visit www.mofa.go.jp

CELEBRATING JAPANESE CULTURE IN PARIS SINCE 1997

Maison
de la culture
du Japon
à Paris

パリ
日本文化
会館

EXHIBITIONS

PERFORMING
ARTS

CINEMA



CONFERENCES /
COURSES

WORKSHOPS

JAPANESE
LANGUAGE

LIBRARY

www.mcjp.fr



MCJP.officiel



MCJP_officiel



mcjp_officiel

101 bis, quai Branly · 75015 Paris
M° Bir-Hakeim / RER Champ de Mars
01-44-37-95-00


JAPANFOUNDATION

News brief



©Yoriko Nakao/REUTERS

Inequality warning—

Income inequality and social divisions could worsen and become entrenched if governments don't act quickly to boost support for the most vulnerable in society, an OECD report argues. Budget constraints in many countries pose challenges for tackling the social fallout of the crisis, with the public spending on disability, family and unemployment benefits—these rose early on in the crisis—feeling the pressure. Coverage of social protection programmes helped many people, but many others were left with little or no support. Governments should therefore consider any further expenditure cuts very carefully, the OECD argues, pointing out that the long-term commitment to restore public finances should not happen at the cost of widening inequalities and social gaps.

To offset this, governments should target social spending and investment on the most needy, and avoid across-the-board cuts in social transfers. This is particularly true for housing and child or family benefits as these often provide vital support to poor working families and lone parents.

For more on *Society at a Glance 2014*, visit www.oecd.org/social/societyataglance.htm

—as income taxes rise

The crisis has squeezed government budgets, forcing taxes to rise in many cases. Personal income tax has risen in 25 out of 34 OECD countries over the past three years, according to latest data. The average tax burden of average wage earners increased by 0.8 percentage points between 2010 and 2013, to reach 35.9%, following declines in 2007-2010. In 2013 the increases in tax burdens on labour income were largest in Portugal, due to higher statutory rates, and the Slovak Republic, where employer social security contributions were raised. The US also reported an increase as previous reductions in employee social security contributions expired.

Ireland, Slovenia and Sweden reported the largest rise in progressive taxation for single taxpayers without children, while the largest decreases were seen in Germany, Hungary and Israel.

For more detail including country by country summaries, see *Taxing Wages 2014* at www.oecd.org/tax/taxing-wages.htm

Economy

Growth in the OECD area looks set to continue along its rather slow if positive trend, to judge by the latest leading indicators. The OECD composite **leading indicators**, which are based on the likes of order books, building permits and long-term interest rates, point to weaker growth in emerging markets.

GDP in the OECD area grew by 0.6% in the fourth quarter of 2013, the same rate as in the previous two quarters. Growth remained strong in the US and the UK—0.8% and 0.7% respectively—stable in Japan at 0.3%, and picked up in the EU from 0.3% to 0.4%. In Italy GDP increased by 0.1%, the first rise since 2011.

OECD-wide **inflation** rose by 1.4% in the

Soundbites

Soft recovery

Even if the US is coming out of it better than Europe, it is nevertheless the limpest recovery in 70 years.

Jean Pisani-Ferry, *Le Nouvel Observateur*, 6 March 2014

Hard truth

We have to stop thinking that it is despair that leads people to vote for the Front National.

Lisette Sudic, *Europe Ecologie-les Verts* in *Le Monde* 29 March 2014, before the second round of local elections on 30 March.

Trade divide

“Popular sentiment is hardening against free trade”

FT headline, 1 March 2014

The first thing you need to know about trade deals is that they aren't what they used to be.[...] There just isn't much more protectionism to eliminate.

Paul Krugman, in *The International New York Times*, 1 March 2014

Internet of no cost?

A formidable new technology—the internet of things—is emerging with the potential to push much of economic life to near zero marginal cost over the course of the next two decades.

Jeremy Rifkin, *International Herald Tribune*, 18 March 2014

year to February 2013, compared with 1.7% in January. This easing reflected energy prices, which fell by 0.4%, after an increase of 2.1% in the year to January.

Merchandise **trade** grew in most major economies during the fourth quarter of 2013, as export growth outpaced import growth. In Germany, import and exports grew by 2.4% and 1.1%, by 3% and 1.4% in the UK and by 1.7% and 0.4% in the US. Import growth of 3.2% outpaced exports of 1% in Japan. Both imports and exports declined in India.

The OECD area **employment rate**—that's the share of people of working-age who are in work—increased by 0.1 percentage point to 65.3% in the fourth quarter of

Country round-up

Both **Chile** and **South Africa** should improve efforts to combat foreign bribery. Despite progress implementing the OECD Anti-Bribery Convention, there has been no conviction in either case, two separate reviews say. www.oecd.org/chile and www.oecd.org/southafrica

Colombia's natural heritage is under pressure from extractive industries, livestock grazing, urbanisation and growing car use, the OECD's first Environmental Performance Review of Colombia says. A separate review of telecommunications urges more competition, particularly in the mobile market. www.oecd.org/colombia

The **Czech economy** must take further steps to speed up convergence towards the euro area, according to the latest economic survey. www.oecd.org/czech

Two reports on the EU and euro area say that **European economies** are emerging from the crisis but delivering, weak bank balance sheets and high unemployment will bear down on growth in 2014-15. www.oecd.org/eu

France should do more to promote quality jobs for older workers. www.oecd.org/france

Italy has raised its foreign aid contributions, reversing a falling trend, according to a review by the OECD's Development Assistance Committee (DAC). www.oecd.org/italy

Strengthening the balance sheets of banks and households; sharpening innovation policy notably by engaging more small firms; and improving urban and regional

2013, its third consecutive quarterly increase.

The **unemployment rate** in the OECD area stood at 7.6% in February 2014, down 0.1% from the previous month. Some 46 million people were out of work, 3.8 million less than at the peak in April 2010. The unemployment rate decreased by 0.2 percentage points to 25.6% in Spain, remained stable in Germany, at 5.1%, and rose by 0.1% in the US to reach 6.7%. It rose by 0.7% in Korea to reach 3.9%, but fell 0.1% to 3.6% in Japan.



©OECD

Enda Kenny, Taoiseach (Prime Minister) of Ireland, Angel Gurría, OECD Secretary-General, and Eamon Gilmore, Tánaiste (Deputy Prime Minister) and Minister of Foreign Affairs and Trade of Ireland, during an official visit to the OECD, February 2014.

frameworks: these are the main messages from three recent OECD reports on the **Netherlands**. See www.oecd.org/netherlands

On 12 March 2014 the OECD postponed activities related to the accession process of the **Russian Federation** to the OECD for the time being. www.oecd.org/russia

Spain's planned public sector reforms should strengthen the country's institutions, and proposals to increase transparency and root out corruption will bolster public trust, an OECD Public Sector Review says. www.oecd.org/spain

Mental health issues cost the **UK** roughly 4.5% of GDP per year in lost productivity, benefit payments and health expenditure, a report says. **Switzerland** must improve its approach to mental health, notably for jobseekers. www.oecd.org/uk and www.oecd.org/switzerland

For more reviews, see the books section or visit www.oecd.org/newsroom



Visit www.oecd.org/statistics for updates

Sovereign borrowing to fall

In an encouraging sign that the crisis may be easing, borrowing operations by OECD governments are set to decrease as borrowing needs ease. Net borrowing needs are projected to fall from US\$2 trillion in 2013 to \$1.5 trillion in 2014, the lowest level since 2007. However, the outlook remains fraught, given volatility and uncertainties about quantitative easing: indeed, central government marketable debt is projected to edge up a point to 77.1% of GDP in 2014. The good news is that debt ratios are increasing more slowly or stabilising. See the *Sovereign Borrowing Outlook 2014* at www.oecd.org/daf/publicdebtmanagement

Tax information sharing advances

More than 40 countries committed in February to a detailed timetable for adopting a new global standard for the automatic exchange of information between tax authorities developed by the OECD. The European Council also gave backing to the initiative, which will help fight global tax evasion. OECD Secretary-General Angel Gurría described the moves as "good news for everyone." See page 47.

Take tourism seriously

Policymakers should recognise tourism's role as a driver of jobs and growth, and boost support for the sector, the OECD says. Tourism accounts for 4.7% of GDP and 6% of employment in the developed world, and OECD countries account for over half of international tourism arrivals (57%) and spending (54%). However, market share is falling, notably in the Asia-Pacific region. For more, read *Tourism Trends and Policies 2014*, visit www.oecd.org/cfe/tourism

Plus ça change...

Though life expectancy has increased by ten years since 1949, the birth rate has fallen so fast that net population growth is now at or below the rate prevailing in European countries. Moreover, inflationary pressures have until very recently been conspicuously absent [...]

"Japan: The new member of the OECD"
in Issue No 10, June 1964

OECD
Observer

Japan and the OECD: How the sun rose on a global era

Peter Carroll, Tasmanian School of Business and Economics, University of Tasmania, and William Hynes, OECD Development Co-operation Directorate



Hagiwara Toru and Thorkil Kristensen, Memorandum of Understanding to join the OECD, signature of the Convention, in the *OECD Observer* No 6, October 1963, page 3

OECD membership crowned Japan's efforts to reintegrate into the international community after the Second World War, while helping to turn the organisation into a global, rather than European, player. But the country's accession had to be managed with great care, reflecting tensions of the time.

Japan joined the OECD on 28 April 1964, becoming the 21st member country of the organisation and the first Asian member country. The Cold War was at its most intense and in the US the Eisenhower and Kennedy administrations were keen to see Japan firmly ensconced, politically and economically, among those countries opposed to what they saw as the Soviet and Chinese threat. Similarly, Japanese Prime Minister Hyato Ikeda had increasingly stressed the need to develop strong ties with Europe to accompany Japan's already close relationship with the US, developing "three pillars", to support the free world. This included a security aim; increased influence in international economic policy co-ordination, especially as regards trade; a further restoration

of Japan's international status; and an enhanced opportunity for policy learning.

There were a number of motives at play in the Japanese decision to seek membership of the OECD which overlapped with those of other OECD countries: the desire to be in the "western", anti-communist camp; the opportunity to access one another's markets; the greater capacity to co-ordinate international economic policy that Japan's membership would entail; and a means of persuading Japan to increase its aid efforts. In particular, one of the motives underlying the Eisenhower administration's proposal to reorganise the Organisation for European Economic Co-operation (OEEC) was to open up the possibilities for full membership for itself, Canada and Japan, so creating a new, more global organisation. However, it was well aware of the difficulties it would face in gaining support for Japanese membership. On the domestic front, only the Japanese Socialist Party opposed accession, arguing it was an anti-communist move that would alienate the USSR and China, but there was no significant public opposition against joining.

Still, the path to Japan's accession was challenging, given the context of historical memories and continuing trade disputes. As, in the context of bilateral discussions, British Chancellor of the Exchequer Derick Heathcoat Amory noted, the problem of Japan was "a bit awkward" and would complicate trade issues if it was brought into a "European organisation". German Economics Minister Ludwig Erhard also noted that European countries could not agree on how to treat Japan regarding

The path to Japan's accession was challenging, though a solution was found in the shape of Japanese membership of the Development Assistance Group

trade and membership issues. On top of this, transforming the OEEC into the OECD was already a difficult and sensitive process, with several European countries opposing change, so much so that the new OECD Convention had to be drafted off the premises, in the Hotel Majestic in Paris. In the end, following a series of informal, bilateral discussions, the US administration agreed that it would not push for full Japanese membership of the OECD immediately on its creation.

A solution to prepare entry was found in the shape of Japanese membership of the Development Assistance Group (DAG), established on 13 January 1960 to promote official aid to less developed countries. DAG had been proposed by US Under-Secretary of State Douglas Dillon to the December 1959 summit meeting of the US, the UK, France and West Germany. Initially it was not a part of the OEEC, with a membership restricted to the major aid donors associated with the OEEC. This smaller group had no difficulty in accepting the US proposal for Japan's membership. The DAG became the OECD's Development Assistance Committee (DAC) on the establishment of the OECD in 1961.

Japan's second step toward membership took place in the 1961-62 period, with

© Yuva Shino/REUTERS



Japan's Prime Minister Shinzo Abe with OECD Secretary-General Angel Gurría at the prime minister's official residence in Tokyo, 24 April 2013

a series of consultations with the West German, British and French governments, as well as the OECD secretariat, supported by the Kennedy administration. Indeed, President Kennedy's role in promoting Japanese membership, continuing that initiated by the Eisenhower administration, was important. As memos of the time show, just after taking office in January 1961, President Kennedy expressed interest in Japan's joining before issuing his OECD ratification statement that March. Kennedy lived to see Japan sign an official invitation to join in 1963, but was assassinated in November of that year.

Another reason for Japan's rather lengthy process of joining was that the Convention did not specify what the accession process to the new organisation should be. There was no *acquis* or roadmap, as is normal practice today. Negotiations came to focus on Japan's reservations regarding the OECD's Codes of Liberalisation, which are still at the core of the OECD's agreements and related activities.

In particular, Japan was under pressure to limit its use of industry policy instruments, for example, its support for the shipping industry and restrictions on the use of its foreign capital and foreign currency laws to reject industrial imports. There was particularly strong pressure to reduce support for the shipping industry

and shipbuilding at a time when they were competing strongly with European member countries. Japanese negotiators vigorously opposed the latter pressures, pointing out the increasing subsidies offered by European states for their increasingly uncompetitive shipbuilding companies, to the point that it looked as if accession would be delayed, though the matter was finally resolved.

Japan's entry transformed the OECD into a more inclusive organisation, and as the first Asian economy to achieve rapid and major economic development, for 50 years Japan has brought an Asia-Pacific perspective

to a predominantly Atlantic organisation. Though other East Asian economies are now flourishing, Japan continues to inspire new horizons, and will celebrate its 50th anniversary by actively promoting OECD's new Southeast Asia Regional Programme to further ties with this burgeoning region.

References

Carroll, Peter, A. Kellow (2011), *The OECD A Study in Organisational Adaptation*, Edward Elgar, Cheltenham.

Clarke, Rory, Lyndon Thompson (2011), "A majestic start: How the OECD was won", in *OECD Yearbook 2011*.

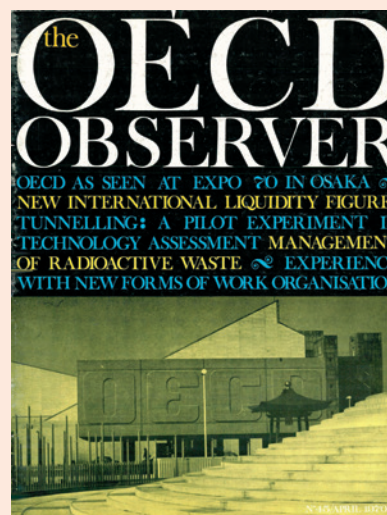
The Foreign Affairs Oral History Collection for Diplomatic Studies and Training (1987), "Interview with C. Douglas Dillon".

Iwanaga, Kazuki (2000), "Europe in Japan's foreign policy", in Edstrom, A., (editor), *The Japanese and Europe: Images and Perceptions*, Richmond, Japan Library, Curzon Press.

Shimomura, Tetsuo (1964), "OECD kamei to Nihon keizai, Nihon Keizai Chōsa Kyōgikai chō", Tokyo, Keizai.

United States Department of State (1959), "Memorandum of Conversation, Bonn, 11 December 1959", Item 85 in *Foreign relations of the United States, 1958-1960, Western European integration and security, Canada, (1958-1960) Volume VII*.

United States Department of State (1960), "Memorandum of Conversation, 11 January 1960", Item 96 in, *Foreign relations of the United States, 1958-1960, Western European integration and security, Canada, (1958-1960) Volume VII*.



You read it here first: Covers from the OECD Observer, No. 45, April 1970 and No. 219, December 1999.

The OECD and Japan

Marking 50 years of membership



One day I discovered a vast archive containing the work involved in attaining OECD membership

Rintaro Tamaki
OECD Deputy Secretary-General

The year 1964 holds golden memories for post-war Japan. I was still just a 10-year-old elementary school student, but I vividly recall how the streets were buzzing with the opening of the Shinkansen high-speed rail system (a good decade and a half before the French TGV) and the hosting of the Tokyo Olympics, and how our lives were steadily becoming enriched, not to mention the stench of exhaust fumes and the roar of the traffic. This was also the year in which post-war Japan was fully recognised as an important member of the international community. Japan became an IMF “Article 8” nation, hosted the Annual Meetings of the International Monetary Fund and World Bank Group for the first time, and also finally achieved accession to the OECD. However, at the time, Japan’s per capita GDP was only a quarter of that of the US, and two-thirds of Argentina’s, so one ought to consider that its admission to the OECD (as the first member country outside Europe and the US) was due to recognition of Japan as a partner worthy of good debate, rather than as a prosperous developed economy.

Twelve years later, in 1976, I joined the Ministry of Finance, and one day I discovered a vast file in an underground archive containing the work involved in attaining OECD membership. Conditions for membership had been met in various fields such as finance, taxation and aid, including OECD codes on freeing up capital movements. The efforts and enthusiasm of my predecessors seemed to leap off the page.

At that time, which was marked by the 1970s oil shock, the OECD was playing a central role in efforts to tackle the current account imbalance among developed countries. A typical example of this was the establishment (although eventually aborted) of the OECD

Financial Support Fund, which was my first job at the Ministry of Finance, and the most important international financial conference was Working Party 3 (WP3) of the OECD Economic Policy Committee (EPC) which I had to prepare (see also article by Kumiharu Shigehara). I was on tenterhooks, as the materials for the WP3 conference had still not arrived by air mail as the day fast approached.

Through to the mid-1980s, I was fortunate enough to have two opportunities for secondment to the OECD secretariat: the first time as an economist in the Economics Department, and the second time in the department handling international taxation issues. The OECD was then a tight-knit world of 24 homogenous member countries, while non-member and developing countries were virtually out of view.

On returning to the OECD a quarter of a century later, I was surprised at the various changes that had occurred in the intervening years. Not only had the number of member countries risen from 24 to 34, but there was no longer the same distinction between member (essentially developed) countries and non-members (mainly emerging nations and developing nations) in the OECD policy debate. In fact, nowadays this latter group are referred to as partner countries. This makes sense. After all, the debate about the ageing population in Japan and Korea is also a matter of concern for other Asian countries, such as Thailand and even China. Moreover, the fair distribution of income is also an issue in the growth of emerging countries, and tax issues for multinational corporations that cannot be discussed without the involvement of developing countries.

Now that the global economy is more closely interconnected than ever, it seems fair to say that there are few if any policy issues that a single country faces alone, nor policy responses that do not affect other countries. If the OECD is able to continue addressing such global changes, then there is much that Japan will gain from the OECD policy debate, and the best points of Japan’s policy responses will then become a reference point for other countries worldwide through the “best practice” prism of the OECD. For this to happen, we must do our utmost to understand and address conditions in Japan from an even wider global perspective. The accession efforts of 50 years ago will then be amply rewarded.

www.oecdobserver.org

THIS IS HOW WE PREVENT THE SPREAD OF DISEASE*

*Efficient cleaning reduces the risk of infections



© Sodexo 2014. Photo credit: Sodexo Media Library

At Sodexo, we believe that the best way to create lasting value is to make people the central focus of an organization. Whether in hospitals, companies, universities, or schools, people are always at the heart of everything we do.

Present in 80 countries, Sodexo and its 428,000 employees deliver a unique array of services that improve the quality of life of individuals and the performance of organizations.

Find how we can improve
Quality of Life: www.sodexo.com

sodexo
QUALITY OF LIFE SERVICES



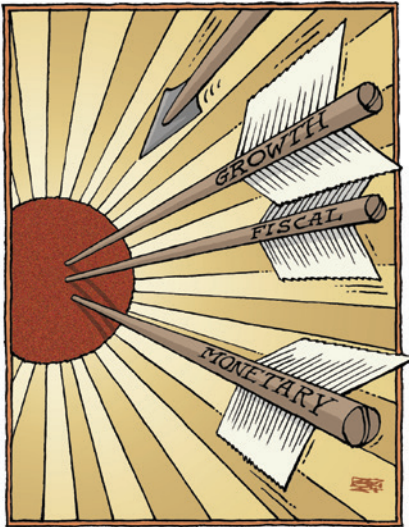
"We believe that by helping employees work the way they live, businesses can move fast & innovate."

Work the way you live

We help you work the way you live by enhancing our consumer products used by billions with the features and controls your business needs to be productive, innovative and successful. These tools are built to let people work anywhere, anytime, on any device, without loss of security or control. Google's enterprise solutions will change the way you do business.

Japan: Making the comeback last

Randall Jones, OECD Economics Department



©David Rooney

After two decades of sluggishness, a recovery could be under way. This time, it could be sustained.

Japan's amazing growth from 1950 to 1973 and its emergence as one of the world's leading nations was almost unprecedented. With an annual average growth rate of nearly 10% during that period, the size of the Japanese economy expanded fivefold. It was during this period that Japan's economy surpassed those of France, Germany and the United Kingdom for the first time. This economic rebirth was marked by two confidence-boosting events in 1964: hosting the Olympic Games in Tokyo and joining the OECD. Japan's expansion paved the way for rapid economic development in other Asian economies, including Korea and Chinese Taipei. Japan has contributed importantly to the region's development through trade and foreign direct investment.

The "Japanese miracle" is a term often used to describe the country's rapid growth, which many attribute to the country's cultural characteristics, such as innovation and hard work. However, standard economic factors offer a better explanation for Japan's success, notably the closing of the large technology gap

that existed between Japan and the more advanced countries in the middle of the 20th century. Japan was able to narrow the gap by importing and adapting foreign technology, which resulted in rapid productivity gains that made private investment highly profitable. Although the 1973 oil shock marked the end of Japan's high growth era, it continued to outpace other OECD economies. Indeed, by 1991, Japan's per capita income reached 84% of the US level, up from around 60% (see graph below). For a time, the country appeared to be on track to overtake the United States as the world's leading economy and fulfil the prophetic title of a popular 1979 book, *Japan as Number One*.

But it was not to be. Japan's rise came to an abrupt halt with the collapse of the asset price bubble in 1991. Over the past 22 years growth has slowed to an annual rate of around 1% in the context of falling asset prices, 15 years of deflation and rapid ageing of the population. By the end of 2012, the stock price index had declined 73% from its 1989 peak, while land prices have fallen for 23 straight years, contributing to a banking crisis. Numerous fiscal packages, accompanied by quantitative easing by the Bank of Japan, have failed to restore sustainable growth. Meanwhile, increased competition from other Asian economies, notably China and Korea, have squeezed Japanese world market shares. Also, in recent years, Japan has been hit by two major shocks: the 2008 global financial crisis and the tragic 2011 Great East Japan Earthquake.

Sluggish output growth and rising government spending in Japan, in part due to the ageing of the population, have led to 21 consecutive years of budget deficits. In 2012, Japan's primary budget deficit was one of the largest in the OECD area, at around 9% of GDP. Gross public debt is projected to rise further into uncharted territory, to some 230% of GDP in 2014, the highest ever seen in an OECD country. While the impact of the large public debt has so far been mitigated by exceptionally low interest rates, there is no doubt that

Japan's fiscal sustainability is at risk. The government aims to eliminate its primary budget deficit by the 2020 fiscal year and stabilise the public debt ratio, but debt dynamics make this a challenging target. Large-scale fiscal consolidation will hold back nominal GDP growth, making such stabilisation difficult.

Japan's success in overcoming sluggish growth, ending deflation and achieving fiscal sustainability is of crucial importance to the world economy. Japan

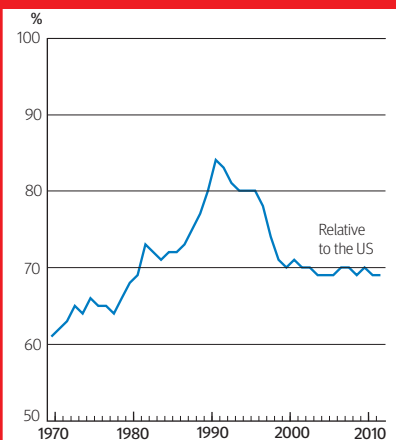
Japan's rise came to an abrupt halt with the collapse of the asset price bubble in 1991

remains the world's third largest economy and a major exporter of capital. Financial instability in Japan would have a serious impact on the global economy. Moreover, Japan is a vital link in global production chains, a point that was underlined when the 2011 Great East Japan Earthquake not only struck output in the Tohoku region, but disrupted car production around the world.

But overcoming today's challenges will not be easy, particularly in light of

Flattening before the rise?

Japan's catch-up period has been followed by relative stagnation



Note: Japan's % GDP relative to the US set at 100 (using 2005 purchasing power parity exchange rates).

Source: OECD Economic Outlook Database.

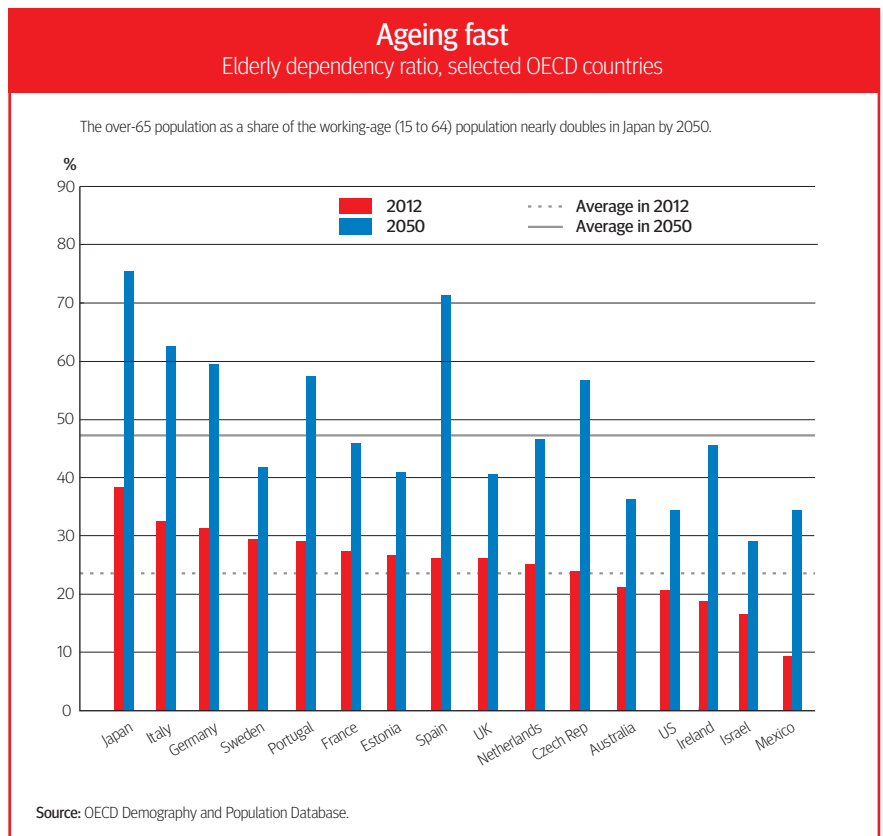
demographic trends. Japan already has the largest number of elderly people relative to the working-age population among OECD countries (see graph opposite). Its

Success in implementing Prime Minister Shinzo Abe's 'three arrows' policy and securing fiscal sustainability will ensure a strong Japanese economy 50 years from now

total population started falling in 2010 and the working-age population is projected to decline by nearly 40% by 2050, keeping the elderly dependency ratio the highest in the OECD area. Indeed, the ratio of working-age people per elderly person is projected to fall by half, from 2.8 at present to 1.3 by mid-century. Japan offers an unsettling glimpse of the future for many advanced countries, and could lead the way in showing other countries how to cope with these challenges.

Prime Minister Shinzo Abe, who took office in December 2012, has started to address these challenges by launching his "three arrows" strategy—a bold monetary policy, flexible fiscal policy and a growth strategy that encourages private sector investment—to reverse deflation and revitalise Japan. The first two arrows were launched in early 2013, with a fiscal stimulus package and the introduction of "quantitative and qualitative monetary easing" to achieve the new 2% inflation target. The impact was immediate. Business confidence surged and the Nikkei stock price index soared by 57% in 2013. Output growth in the first half of the year reached 4%, the highest among the G7 countries. These encouraging trends spurred the government to go ahead with the hike in the consumption tax rate from 5% to 8% in April 2014, a key first step toward fiscal consolidation.

The recent decision to award the 2020 Olympic Games to Tokyo has further fuelled public optimism, and is widely seen as an international vote of



confidence in Japan, echoing the 1964 Olympics, which showcased the country's post-war rebirth. No wonder Prime Minister Abe has adopted the slogan: "Japan is back".

But Japan's return to strength depends on its success in implementing structural reform, the third arrow of the prime minister's economic strategy. Much of the positive impact of Abenomics so far is due to fiscal and monetary stimulus, which will fade quickly unless accompanied by reforms that tackle Japan's structural impediments, notably in the labour and product markets and the agricultural sector. Prime Minister Abe's resounding victory in the July 2013 election should embolden him to push through these urgently needed reforms.

The three arrows should be accompanied by a fourth arrow of fiscal consolidation

to stabilise, and eventually reduce, the high public debt. The key is a detailed and credible medium-term fiscal plan, including further tax hikes and measures to reduce spending growth.

Japan is a creative and dynamic society. Over its long history, the country has repeatedly demonstrated its ability to overcome difficult problems. Success in implementing the three arrows and securing fiscal sustainability will ensure a strong Japanese economy 50 years from now. Then Prime Minister Abe will not be the only one to say, "Japan is back".

References

- Maddison, A. (2005), *The World Economy: A Millennial Perspective*, OECD Development Centre.
- OECD (Various years), *Japan: Economic Surveys*, OECD Publishing.
- Visit www.oecd.org/japan and search Japan at www.oecdobserver.org

Closing the gender gap can boost the economy

Willem Adema, OECD Directorate for Employment, Labour and Social Affairs



Reconciling work and family commitments is a challenge in every country, but particularly for Japanese men and women. Much more so than in most other OECD countries, men and women have to choose between babies and bosses: men choose bosses, women less so, but on the whole there are very few babies and there is too little female employment. These shortcomings are increasingly coming to the fore and will have to be addressed.

Japan is ageing and its working-age population is declining. In fact, the Japanese labour force will decline by about 10 million people to around 50 million workers in 2030 (Chart), and the ratio of working-age people to the elderly will fall from 2.8 nowadays to 1.3 in 2050. Japan needs to make more efficient use of everyone's skills to address the looming labour shortages: greater gender equality is key to sustaining economic growth. To illustrate the potential gains: if female labour force participation rates of some 63% today were to catch up with male

employment rates of 84% over the next 20 years, then the fall in labour supply would be limited. Not only that, the economy would expand by almost 20% over two decades.

Gender differences in labour force participation in Japan are wide at some 21 percentage points compared with almost 17 percentage points across the OECD area. The gender pay gap at median earnings is 27%, the second highest in the OECD. These pay differentials are strongly linked to the substantial differences in terms and conditions of employment between relatively lowly paid non-regular workers—almost 70% of them women who frequently work part-time—and the regular employees—almost 70% men who work full time and have considerable employment-security. Even when young women enter regular employment upon completing university, they generally enter the more routine *ippan-shoku* career stream, and are unlikely to enter fast-track *sougou-shoku* career streams in Japanese companies, where workers are groomed for higher management. This helps to

explain why fewer than 4% of listed company board members are women—the second lowest in the OECD.

Regular employees receive employer-provided training and benefits, such as spousal and dependents allowances, and their compensation is essentially seniority-based and strongly linked to age and tenure. In return, employees signal their commitment to their employer and career by putting in long hours, including working unpaid overtime and taking less leave than they are entitled to. In such a workplace culture it is very difficult for regular employees to be more fully involved in caring for children or elderly parents: of all men in the OECD, Japanese men spend the least time in unpaid housework, just 59 minutes per day compared with 269 minutes for women. The male-breadwinner model is still firmly embedded in Japanese labour market institutions.

The Japanese social policy model includes some modern policies to help parents reconcile their work and family commitments. For example, it provides for one year of paid leave, which becomes 14 months if both parents take leave. Germany has a similar system although its payment rates are almost twice as high as in Japan: by late 2010 the percentage of fathers taking leave, had increased to 25% in Germany, while this was still less than 3% in Japan in 2011. In addition to pre-schools that cover almost all 4 and 5-year olds, Japan provides income-tested day-care support to help combine parenting and employment when children are very young. However, in 2009 public spending on day-care and pre-school facilities amounted to 0.4% of GDP, around one-third of what Denmark, France or Sweden invest in this. Hence, there are capacity constraints, high fees and long waiting lists for day-care facilities, especially in the Tokyo metropolitan area.

In the end, many Japanese women withdraw from the labour force upon childbirth, rather than taking parental

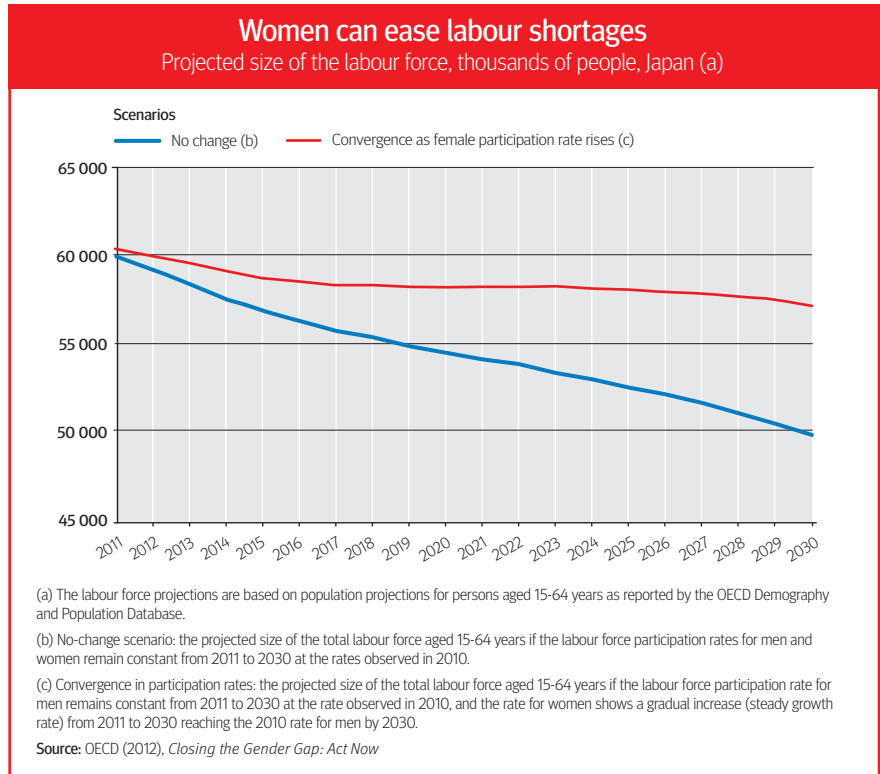
leave. And when mothers return to the labour market as children grow up, they often end up in low-paid non-regular jobs. Anyway, they often cannot return to regular employment positions because many jobs require candidates to be

Of all men in the OECD, Japanese men spend the least time in unpaid housework

under a given age. Moreover, the Japanese tax/benefit model provides strong financial incentives for spouses to limit their earnings. In 2011 spouses with earnings below one million yen (about 30% of average earnings) were exempt from income tax. If their earnings were below ¥1.3 million they are covered by pension, health and long-term care insurance without having to make contributions.

Gender barriers prevent Japan from reaping the benefits of its investment in education. After all, young women in Japan today are more likely to have a university degree than young men: 59% of women and 52% of men aged 25-34 years, compared with 23% and 32%, respectively, for women and men aged 45-54. Further progress can be made in terms of choice of study as, for example, around 60% of graduates with health and education degrees were women, compared with only around 10% in computing and engineering degrees. These gender gaps do not appear to be related to ability as compared to the large gender gaps in educational choices; gender gaps in reading, maths and science literacy for boys and girls around age 15 are relatively small. Japanese policy should raise awareness among young men and women about the consequences of educational choices for employment and career prospects.

Japan seems to be in a “catch 22”. As long as female workers have limited incentives to pursue a career, they are indeed more likely to withdraw from the labour force, only to return, if household income so requires, in jobs for which they are frequently over-qualified. And as long as



women are expected to withdraw from the labour force around childbirth, Japanese employers are likely to perceive women as less committed to their careers and opt for men.

To break this vicious circle, Japanese labour market institutions need to change. Remuneration systems and career progression should be based on performance rather than seniority, while the talent pool of workers can be expanded by facilitating “returning mothers” and part-time workers to get back into regular employment. Importantly, the “long hours” culture should be curtailed so that workplaces become attractive to both parents and facilitate a more equal gender balance in paid and unpaid work. Leadership in workplaces will be key. Senior managers should lead by example, through taking their own holidays, and, for example, demanding middle management ensures that male and female employees use their full parental leave entitlements.

Companies should be encouraged to take on young female graduates, returning mothers and part-time workers in regular career streams and to demonstrate this clearly.

Changing workplace practices in this manner will require sustained effort over a long period. But it is worth doing. Workplace cultures that are less overbearing and conducive to the reconciliation of work and family life of both parents will help address the looming labour shortages; and if the evidence of OECD countries like France and Sweden is anything to go by, could also help increase fertility rates. This could help address the ageing issue in the years ahead.

Another version of this article appeared in *Nikkei Daily*, 26 April 2013

OECD (2012), *Closing the Gender Gap: Act Now*, OECD Publishing

Visit www.oecd.org/gender

Trade: Not just Made in Japan

Asako Ueno, OECD Trade and Agriculture Directorate, and Norihiko Yamano, OECD Directorate for Science, Technology and Industry



©REUTERS

Trade has always been a pillar of the Japanese economy, but further integration into world markets would bolster long-term growth.

Japan became a full member of the OECD 50 years ago, on 28 April 1964. It was the same year that Tokyo hosted the summer Olympics, and both events signalled a strong recognition of Japan's resurgence from the devastation of war. By the late 1980s, Japan had grown to become the second largest economy in the world and, although overtaken by China in 2010, it is expected to remain one of the world's largest economies for the decades to come.

Japan is neither geographically large nor rich in natural resources. For this reason, trade has played a significant role in

the country's economic development. The first *OECD Economic Survey of Japan*, issued just after its accession, pointed to the remarkable growth rate of Japanese exports. Textiles dominated in the 1950s, followed by steel and ships in the 1960s, and cars and consumer electronics in the 1980s. In recent years, the composition of exports and imports has continued to change as new players enter the global marketplace and technology evolves.

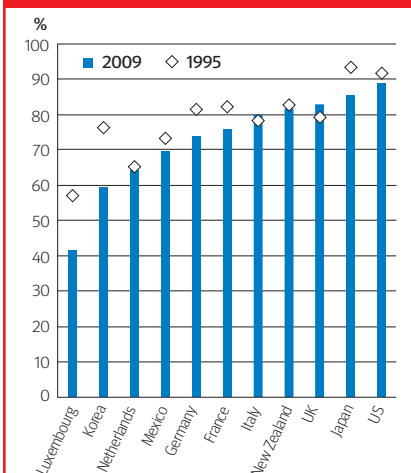
The international fragmentation of production in global value chains (GVCs) is a dominant feature of today's world economy. A Japanese car, for instance, is assembled at different locations around the world, with components, parts and other inputs, including engineering and design, adding value along the production chain. This phenomenon is closely

linked to advances in information and communications technologies and to international integration through trade agreements. However, the true value of the flow of goods and services within these global production chains is not always reflected in conventional international trade statistics. The complete Japanese car, for instance, may be exported from a final assembly point in, say, Malaysia, but most of the value in terms of electronic components and design may have been originally produced in Japan. The OECD-WTO Trade in Value Added (TiVA) indicators provide an insight into Japan's integration into, and specialisation within, these GVCs. The TiVA approach traces the value added by each industry and country in the production chain and allocates the value added to these source industries and countries.

Looking at trade in value-added terms shows that the domestic value-added content of Japan's exports is, at 85%, relatively high compared to other OECD countries (see graph below). This partly reflects the country's specialisation in

How global?

Domestic value added content of exports by country, selected countries, 1995 and 2009, as % of total exports*



*A decrease in domestic content ratios indicates increased use of global value chains

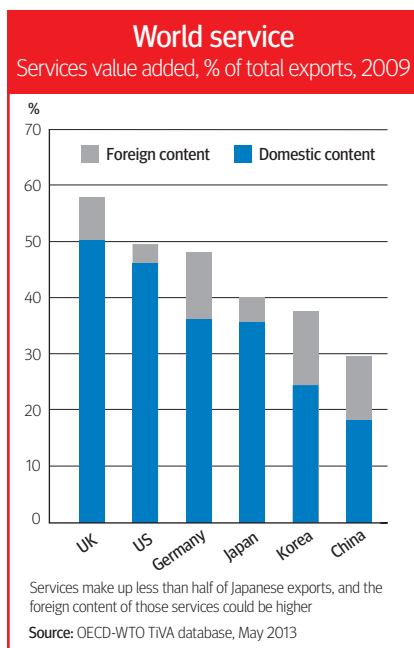
Source: OECD-WTO TiVA database, May 2013

the development and production of advanced parts and components that are exported to emerging economies for final assembly. It also reflects other factors, such as geographical location–proximity to dynamic economies within “Factory Asia”, for instance—and in particular the large size and diversity of the Japanese economy, which gives it greater scope to source inputs within the economy’s own borders. Indeed, the proportion of

The foreign content of Japan’s exports more than doubled between 1995 and 2009, and was followed by a deeper integration into global value chains

domestic value-added content in Japan’s exports is similar to the US and the EU as a whole, though its decline from 93% of the total in 1995 illustrates Japan’s deeper integration into global value chains: seen another way, the foreign content of Japan’s exports more than doubled between 1995 and 2009. The TiVA indicators also provide another perspective on bilateral trade flows. China is Japan’s largest trading partner in gross terms, some way ahead of the US, which is in second place. But in value-added terms, these positions are reversed, offering a truer reflection of the nature of the underlying supply and demand relationships.

The TiVA indicators also reveal that services play an important role in the production process and are a great potential source of competitiveness of goods, as well as services exports. In value-added terms, about 40% of Japan’s total exports reflect service activities (see graph above). This is more than double the share of exports of services recorded in conventional trade statistics (about 15%), but it is still relatively low compared to the OECD average of 48%. This is partly explained by a relatively high specialisation in exports of manufactured goods compared to some other OECD countries (such as the UK and the US, which have relatively high



services exports), but it may also be partly explained by relatively higher vertical integration of manufacturing and related business activities, including design, research and development, marketing and sales warranties, and after-sales care within Japanese companies. In other words, there may be scope for gains within the manufacturing sector through outsourcing of some of these non-core activities.

How might trade policy in Japan benefit from TiVA? After two decades of economic stagnation, Japan’s recent economic performance is encouraging. To ensure sustainable economic growth in the long run, further integration of Japan into the world economy will be essential. Access to lower-cost or higher-quality imported inputs and investment from abroad can help to enhance productivity and improve competitiveness. More competition in the service sector would boost innovation and productivity in services, which has lagged behind gains in manufacturing in recent years. Services account for around three-quarters of total domestic value added in Japan, and obtaining more efficient inputs from outsourcing would

benefit manufacturing too. This may be about to change. Japan has implemented 13 regional trade agreements (RTAs) in the past decade, covering about 19% of Japanese exports and imports. The Japan Revitalisation Strategy of 2013 set a goal to increase this ratio to 70% by 2018 via RTAs with major trading partners. To reach this goal Japan has entered into negotiations with those countries participating in the Trans-Pacific Partnership (TPP), including the US, and negotiations with the EU. The talks are a welcome indication of Japan’s commitment to open markets.

As Japan celebrates its 50th anniversary in the OECD, the economy finds itself on a new and more optimistic footing. By the time Tokyo hosts the Olympic Games in 2020, Japan’s recovery from recent natural disasters and the “lost decades” of economic stagnation should be complete. What an opportunity the Olympics will be for Japan to showcase its many strengths, including its friendly, well-educated population, its sophisticated lifestyle, and its healthy and internationally renowned cuisine. In the meantime, there is additional scope to continue to benefit from further integration into the world economy. Going more global would not only boost Japan’s growth potential, but allow it to better confront future shocks.

References

- Japan Trade in Value-Added (TiVA) Country note at <http://oe.cd/tiva>
- OECD (2013), *Interconnected Economies: Benefiting from Global Value Chains*, OECD Publishing. <http://oe.cd/gvc>
- Thompson, Lyndon (2013), “Profiting from trade in value added”, in *OECD Observer* No 295 Q2 2013, <http://oe.cd/uL>

Your Better Life Index

There is more to life than the cold numbers of GDP and economic growth. The OECD Better Life Index allows you to compare well-being across different countries, based on 11 topics the OECD has identified as essential, in the areas of material living conditions and quality of life. Each petal of the flower represents one topic and the size of the petal the country's rating for that topic. The height of the flower shows the country's overall rating.

The OECD Better Life Index enables you to rate countries according to the importance you give to the 11 topics. You can compare your well-being priorities with those of other users by country, age and gender, and share your results.

Create your own Better Life Index at:

www.oecdbetterlifeindex.org

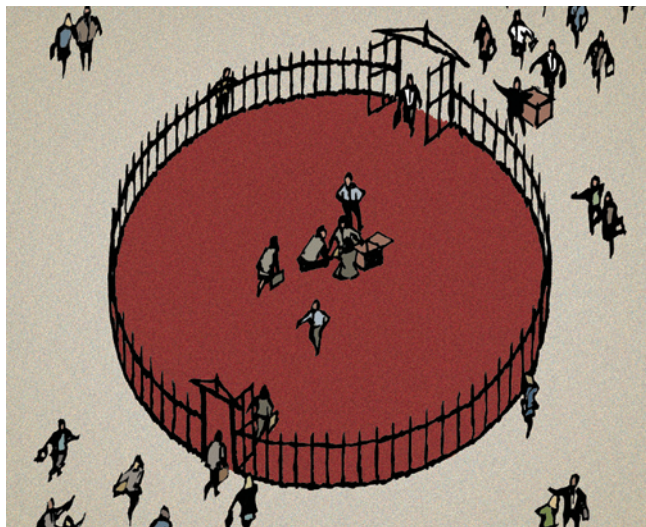
Compare your quality of life with other countries



Find out more about how life compares in OECD countries by ordering the book *How's Life? Measuring Well-Being*. Available now on the OECD Online Bookshop: <http://www.oecd.org/bookshop>

Reflections on Japan: An innovation story

Dirk Pilat, Deputy Director, OECD Science, Technology and Industry Directorate



©David Rooney

To stay ahead among the most modern and productive industries in the world, Japan's industries need more access to knowledge, technology, people and resources from outside the country.

My relationship with Japan dates back to 1989, when I visited for the first time to collect data for research comparing Japan's productivity with that of the US and Germany. In those days, flying from Amsterdam to Narita took 18 hours and included a stopover in Anchorage. I stayed for a few weeks in a small house in Tokyo's Shinjuku area, sharing with teachers from the US and other foreigners, sleeping on tatami beds and eating in Japanese restaurants where you would choose your meal by simply pointing at the clever plastic model of the food in the window—great looking and great tasting food! Japan was going strong in those days, with GDP growing at around 4-5% a year.

In the US at that time, many books were being written about Japan's strong economic performance and the perceived threat to the US economy—including the 1989 bestseller, *Made in America*. Japan's industries, and in particular electronics, cars and steel, were among the most modern and productive in the world, thanks to their strong engagement in exports, their uptake of modern technology, and constant innovation in products and processes. However, at the same time, many service sectors and domestically focused industries lagged well behind the US and Germany. Then, as today, there were large productivity differences between those sectors in Japan that were engaged in international trade and exposed to international competition and those that were not.

I returned in 1991 for a longer visit, spending almost six months at the new Fujisawa campus of Keio University, outside Tokyo,

where there were very few other foreigners. I continued my work on Japan's productivity performance, and became more immersed in the way of life in Tokyo. It is still one of my favourite cities in the world to visit, and not only for its impressive food culture. It was around that time that Japan's economy had begun to wilt, and what followed was over two decades of slow growth: Bill Emmott, who later became the editor of *The Economist*, had underlined the difficulties ahead in his bestseller, *The Sun Also Sets*.

Since I joined the OECD in 1994, Japan has been a regular destination of mine. While there are more foreigners in Tokyo today than in the early 1990s and the city has become easier for visitors, many of the OECD's studies still point to an economy that is less internationally engaged than most other advanced countries, with low levels of international co-operation in science

Critics have referred to Japan's relative insularity as 'the Galapagos Syndrome'

and technology, low levels of international migration, including of the highly skilled, and low levels of foreign direct investment. These are worrying facts, since as many of the OECD's reports have pointed out, Japan increasingly needs access to knowledge, technology, people and resources from outside the country. Even for a large economy like Japan, 90% of knowledge creation occurs outside the national borders, and in a world where innovation has become more complex and expensive, accessing foreign knowledge and working with partners is of growing importance. Critics have even referred to Japan's relative insularity as "the Galapagos Syndrome", whereby many products and services within Japan are highly sophisticated, but don't have much success in the global marketplace.

So while Japan grew rapidly in the three decades following OECD accession, since the early 1990s it has grown only slowly, if at all, with little of the dynamism apparent in many other Asian countries at the time. But now it finally appears to be emerging from a long, difficult period, and is actually showing signs of business dynamism, with many new start-ups opening in Tokyo and elsewhere. If the momentum is sustained, Japan stands to become a more creative, dynamic and entrepreneurial economy. There is much that Japan has to offer to the world, in robotics and the use of big data, for example. Further opening up of the economy to knowledge, technology, people, trade and foreign direct investment would benefit not just the Japanese, but all of us. Happy 50th anniversary, Japan!

Dertouzos, Michael L., Richard K. Lester and Robert M. Solow (1989), *Made In America: Regaining the Productive Edge*, MIT Press, Cambridge, Massachusetts.

Emmott, Bill (1989), *The Sun Also Sets: The Limits to Japan's Economic Power*, Times Books, New York, Simon & Schuster, London.

See www.oecd.org/japan

“Cool Japan”: An enterprising new model?

John West, Executive Director, Asian Century Institute*



©Yuriko Nakag/REUTERS

Japan may be on the cusp of a fresh wave of “cool entrepreneurship” that could turn the country’s creative industries into a new source of growth.

Japan’s rise from the ashes of war to the status as a global economic superpower was driven by brilliant entrepreneurs like Panasonic’s Konosuke Matsushita, Sony’s Akio Morita and Toyota’s Kiichiro Toyoda. The efforts of these businessmen were complemented and supported by government policies, a well-educated and assiduous workforce, and a financial system that mobilised domestic savings with a global perspective.

When Japan was struck by financial crisis in the early 1990s, it was neither the first nor the last country to suffer from economic excesses. But as the bubble burst, ushering in a period of weak economic performance, many aspects of previous successful policies were called into question. Organisations like the OECD laid out reform agendas intended to revitalise Japan’s economy, including

in the areas of entrepreneurship and innovation.

Though successive Japanese governments have adopted reform programmes, the need to push ahead with such programmes has been given a higher profile in light of the stiff competition that leading Japanese electronics and other companies now face on global markets. Barely a day goes by without international media reporting on the commercial tribulations of such household names as Sony and Nintendo.

It is unfortunate that more attention has not been given to the Japan’s wave of “hidden champions”, companies that specialise in high-tech componentry and succeed in their niche markets. They fly under the radar because they are not producing highly visible, branded consumer products. But without them, major flagships might not sail at all.

For example, it has been estimated that more than half of the parts and

components, like capacitors, transistors and the liquid crystal screen, used in the iPhone 5 are made by Japanese manufacturers. And more than 65 Japanese companies supply the aircraft manufacturer Boeing with parts and components across its commercial and defence product lines.

These hidden champions may be “invisible”, but they are “indispensable” linchpins not only to Japan’s economy, but to global manufacturing supply chains. They are a sharp reminder of just how critical manufacturing is to our modern economies, and help explain why Japan remains a world leader in manufacturing.

They also fly in the face of accusations about “risk aversion” among Japanese youth.

Far from there being a “lost generation”, more new entrepreneurs are emerging than people might think. Masayoshi Son’s Softbank has the second highest market capitalisation, after that of Toyota, on

the Tokyo stock exchange. In the fashion world, Tadashi Yanai's Uniqlo is taking on casual clothing markets with great success in Europe, North America and emerging Asia, while Japanese chefs are guiding the world's palates towards tantalising new adventures, such as Nobu and Okuda, and Hiroshi Mikitani's Rakuten has become a world leader in electronic commerce.

Rakuten means optimism in Japanese, though it should be the leitmotif for all new entrepreneurs. Hiroshi Mikitani,

More than half of the parts used in the iPhone 5 are made by Japanese manufacturers

known to his colleagues as "Miki", is a particularly striking figure, who has adopted English as the corporate language ("Englishnisation"), even in Rakuten's Tokyo offices. Mikitani had a safe job at the Industrial Bank of Japan, and was reportedly jolted onto the entrepreneurship path by the 1995 Hanshin earthquake in Kobe.

As though to prove that today's global uncertainty also spurs risk taking rather than risk aversion, more and more young Japanese are taking their chances as entrepreneurs. Incubators and accelerators like Samurai Startup Island and the Open Network Lab are providing ecosystems for entrepreneurs. There are success stories like Yoshikazu Tanaka, founder and CEO of Gree, a mobile social gaming business, who is a self-made billionaire and has been called "Japan's Zuckerberg", after the founder of Facebook. There are also reports of foreign investors financing Japanese start-ups.

A new spirit of entrepreneurial confidence is evident in the words of Tadao Ohnaka, president of Langate, an IT firm: "Seen from the outside, Japan probably seems caught in a rut. On the inside, however, a community of young business people is emerging. We are about to witness the end of the post-war economy and the start of a new system altogether".

The return of Prime Minister Shinzo Abe to the leadership of Japan, with his "Abenomics" programme, has led to a surge of confidence and business optimism. The government's "Cool Japan" strategy for promoting creative Japanese industries like manga, anime and J-pop, and Japanese film, fashion, architecture, video games and cuisine also holds great promise. Backed by the Cool Japan Fund, the strategy will help many smaller companies in the creative industry to access global markets.

Still, to ensure the survival of entrepreneurship, Abenomics should focus on spurring it on. Facilitating greater participation of women in the economy would also help. As Prime Minister Abe recently said, "Unleashing the potential of womenomics is an absolute must if Japan's growth is to continue". Mr Abe could add migration to his list: research from the OECD has shown that migration can spur on entrepreneurship, especially in the high-tech area.

Most importantly, the creative industries and "cool entrepreneurship" policy agenda must be sustained, so that the successes of the past can be built on by the fresh new optimism of today. Just as during the economic miracle of the 1960s and 1970s, "cool Japan" could become a model for policymakers everywhere.

*John West worked at the OECD in Paris from 1986 to 2008 and for the Asian Development Bank Institute in Tokyo from 2009 to 2011.

References

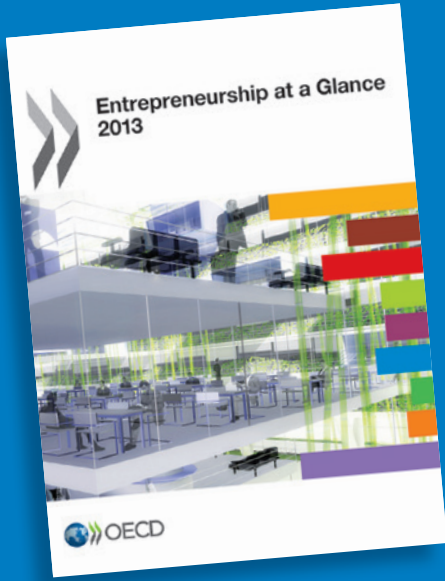
Abe, Shinzo (2013), "Unleashing the power of 'womenomics'" in *The Wall Street Journal*, New York. <http://online.wsj.com/news/articles/SB10001424052702303759604579091680931293404>

Ohnaka, Tadao (2002), "The return of entrepreneurship to Japan" in *Miyakodayori* 34, Research Institute of Economy, Trade and Industry (RIETI), Japan, April. <http://www.rieti.go.jp/en/miyakodayori/034.html>

West, John (2012), "Asia's information revolution" in *OECD Observer* No 293, Q4. <http://www.oecdobserver.org/news/fullstory.php/aid/3946/>

Cool Japan/Creative Industries Policy. Ministry of Economy, Trade and Industry, Japan.

http://www.meti.go.jp/english/policy/mono_info_service/creative_industries/creative_industries.html



Order this now!

Browse and order at www.oecd.org/bookshop

From globalisation to a new corporate culture

Risaburo Nezu, Research Institute for Economy, Trade and Industry, Fujitsu Research Institute*



Carlos Ghosn

Non-nationals are starting to make an impact in top Japanese firms. But will other firms take notice? Changes in education would help.

On 30 November 2013 Yasuchika Hasegawa, chief executive officer (CEO) of the Takeda Pharmaceutical Company, the largest drug company in Japan, announced at a press conference that he would be appointing Christophe Weber, a 47-year-old French national, as his successor. The news captured Japanese headlines. Why did he choose a foreigner to run Takeda, one of the oldest companies in the country, founded 232 years ago? In subsequent meetings with journalists, he explained the thinking behind his decision.

Takeda has generally been very profitable, but while the company is old, it has never been too conservative to experiment with new ideas. Mr Hasegawa's predecessor, Kunio Takeda, a member of the founding family, had taken initiatives by expanding

the firm beyond Japan's borders. He had spent years in the US where he learned another way of doing business. He sold off non-core activities, such as food and fertilisers, and concentrated resources on the drug business. He granted promotions based on performance rather than seniority, and made research departments more market-oriented.

Mr Hasegawa became CEO in 2003, and was soon known for his taste for mergers and acquisitions (M&A). He acquired five US and European drug companies, and spent ¥2 trillion (\$19.7 billion) on M&A. As a result of this relentless global expansion, in 2012, Takeda Pharmaceutical's overseas sales accounted for more than 50% of its total sales of ¥1.6 trillion (\$15 billion). It boasted more than 30,000 employees, three-quarters of whom were foreigners.

Mr Hasegawa looked within the company for a successor, but realised that there was no Japanese employee capable of doing the job. He explained that

the M&A, particularly the acquisition of Nycomed of Switzerland in 2011, presented new management challenges. In his view, Takeda's corporate culture was too inward-looking. Since 2011, he has been recruiting foreigners at senior management level in the belief that it would be a mistake for a global company not to choose the best candidate from the global talent pool.

The growing importance of the emerging markets in Asia was another consideration. Quite simply, Mr Weber, a highly qualified vice president of GlaxoSmithKline in charge of the Asia and Pacific region, fitted the bill. Will Mr Weber rise to the challenge? If experience is anything to go by, then being a foreigner may work to his advantage.

Take Carlos Ghosn, for instance, who came to Japan in 1999 from Renault of France to rescue the financially troubled Nissan. After 14 years, not only is he still the CEO of Nissan/Renault, but he is

viewed as one of the most successful business leaders in the world. Without him, Nissan could not have made such a spectacular comeback. His style of leadership, including his strategic focus, global sourcing, motivation of workers, and promotion of women and foreigners

Managers who perform well only in Japan are like animals on the Galapagos Islands

to management levels, has worked. As a foreigner, he did what Japanese managers could not do. For example, he closed unprofitable businesses and established a clear focus on cars. He broke longstanding relationships with suppliers, streamlined the supply chain and increased volume per supplier, thereby cutting purchasing prices.

He quickly fired managers who failed to meet their targets. To insiders, Mr Ghosn's handling of Nissan's problems seemed brutal, particularly given Japan's relatively low labour mobility. But in retrospect, he did what was needed to save the company.

Not every foreigner has been able to repeat what Mr Ghosn did. Some have ended up being caretakers rather than dynamic agents of change. Others have come up against stiff resistance. Consider the case of Sir Howard Stringer, a Briton who served as the CEO of Sony from 2005 to 2012. Though an expert in the movie and broadcasting business, Sir Howard was unable to ease the technology giant away from its core business of manufacturing, or *monozukuri*, and the firm still struggles today, despite the underlying strength of the global technology sector. At Olympus, the world's largest manufacturer of endoscopes, Michael Woodford, another Briton, uncovered losses that had been hidden for two decades, but unable to win support from bankers and workers to sort them out, he was forced to resign.

Mr Weber should not have such problems at Takeda, but challenges loom nonetheless. The patents of several of

Takeda's bestselling drugs have expired and those of others will expire soon, with no obvious new drugs in place to fill the vacuum. Buying a company which has strong research capabilities is clearly one option. Taking steps to expand business in growing markets in Asia and Latin America would also help. After all, in global terms Takeda ranks only 15th by sales, far below Pfizer, Roche and Novartis, which are all pursuing growth through M&A.

Will Mr Weber's appointment help Japan's corporate culture to become more open towards foreigners? Many Japanese corporate executives believe Takeda moved too fast in seeking global growth, and that a Japanese CEO would take the time to see whether the first M&A went well before embarking on the next one. For most Japanese companies, whether for reasons of language or pure culture, having a foreigner at the top of the management hierarchy would be unimaginable for now.

Toshiyuki Shiga, chief operating officer at Nissan, made an interesting observation recently. According to Mr Shiga, as more foreigners come to work at Nissan, Japanese workers tend to sink to the bottom of the talent pool, and appear unable to participate in management meetings, partly because English is the working language. As a result, they are overlooked for promotion. But for Mr Shiga, the trick is to embrace change, not resist it. "Managers who perform well only in Japan are like animals on the Galapagos Islands. They are valuable in Japan but useless abroad," Mr Shiga said. It was a clear message to young students: evolve and adapt, or risk extinction, or at best, isolation, like the wonderful animals of the remote Galapagos Islands.

Clearly, it is incumbent upon Japanese firms to educate and train their employees if they are to do business on a global scale. There are signs that this is becoming increasingly feasible. Working experience abroad is becoming more highly valued,

while expats are returning to Japan to form pools of global talent from which future leaders will emerge.

But to give more impetus to this trend, Japanese companies must change their human resource strategies. Deep changes would be needed in the educational system, where obedient and diligent pupils are preferred to independent and creative ones. In companies, honest messenger-type workers should no longer be graded higher than those who take initiative. And yes, like Takeda, more foreign talent may well be needed. While most firms publicly say that seniority-based promotion no longer exists, and that they are open to recruiting outside talent, mobility is still limited. Conservatism still persists at top levels of management in particular. For example, Keidanren, a federation of large Japanese corporations, remains opposed to making the independence of board members a legal obligation, though this is an internationally established norm which applies in other industrialised countries. Female workers are still very rare in management, too. This will have to change.

Though Takeda Pharmaceutical followed the advice of outside board members and a headhunting firm found its new CEO, it remains highly unlikely that other Japanese companies will change their customs quickly, even if Takeda excels on the business front. Nevertheless, Takeda's decision to appoint Mr Weber as its new CEO may at least help chip away at barriers to change that exist in Japanese corporate culture, and above all, prepare future generations for the challenges ahead.

* Risaburo Nezu is a former director at the OECD and currently chairs the OECD's Steel Committee.

References

Nezu, Risaburo (2002), "Japan: In search of a winning formula", in *OECD Observer* No 234, October, Paris.
Nezu, Risaburo (2000), "Carlos Ghosn: Cost controller or keiretsu killer?" in *OECD Observer* No 220, April, Paris.

Mobilising towards a new era of innovation

Yuko Harayama, Executive Member, Council for Science and Technology Policy, Cabinet Office, Japan



©Susumu Toshiyuki/REUTERS

Some 50 years ago, Japan entered into the period of post-recovery after the Second World War, while consolidating its path for economic growth and making a comeback on the international scene. Japan's accession to the OECD was symbolic in that respect. Another symbol was the Tokyo Olympic Games, which triggered a transformation of Japan's international image, thanks to improvements in its physical infrastructure, transportation systems and services. A new expressway network had been built across Tokyo, the new Shinkansen high-speed "bullet" train now relayed Tokyo and Osaka in four hours, and television began broadcasting in colour.

These developments did not happen by chance, but were the result of determined individual efforts. They also owed much to investment in technology and human capital. During the catch-up phase of the 1960s, Japanese companies were understandably concentrating their efforts on incremental, rather than radical, innovation, as their follower's status obliged them to do. Around this strategy, institutional complementarity with education and training systems, to name a few, were structured and consolidated. In sum, Japanese people felt confident that they were advancing along the path to a "better life".

Half a century later, after a long period of economic stagnation, Prime Minister Shinzo Abe has affirmed that "Japan is back". His Japan Revitalisation Strategy, as the third arrow of his "Abenomics" policy, following a bold monetary policy and flexible fiscal policy, focuses on structural reforms and innovation. The recovery from the Great East Japan Earthquake is entering into a new advanced phase, moving from short-term actions to designing the future. On top of this, Tokyo has been chosen to host the 2020 Olympic and Paralympic Games. Indeed, Japan seems to be entering a post-recovery period, rather like it did 50 years

ago when it joined the OECD. But this time, it faces a radically different international environment, which may demand radical, rather than incremental, policy responses.

The process of value creation through provision of goods or services is no longer contained within a company or a single country, but in several locations along what are now called global value chains (GVCs). The capacity to design and orchestrate the full process by mobilising the most appropriate actors along the chain and around the world is critical in this new framework. In

Opportunities for exploiting new ways to create knowledge, business and social value are unfolding every day

the same vein, the concept of an "economic centre of gravity" is losing its *raison d'être*, since economic activities are becoming increasingly integrated and interdependent, crossing geographical borders, disciplines and industrial sectors, and tapping into the talents of new actors from emerging and developing countries. GVCs could be seen as the result of this new configuration.

GVCs rely on connectedness. This is a more generalised phenomenon underpinned by the internet. From the "internet of information" to the "internet of things", opportunities for exploiting new ways to create knowledge, business and social value are unfolding every day. We are entering a new era of innovation, with its lights and shadows.

The timing could not be better. From the structural point of view, a majority of OECD countries, such as Japan, are under severe demographic pressure from ageing populations. This pressure has important implications for assuring the labour supply, meeting expanding health care costs and maintaining proper social security systems, to name but a few. Every innovative idea, including those related to social engineering, should be considered if we are to maintain, let alone raise, the quality of life of every single citizen.

Japan has demonstrated its capacity to transform constraints into advantages as, for instance, after two consecutive oil shocks in the 1970s. It must show this capacity again. That means mobilising its innovative strength, both technological and intellectual, readjusting the gender balance, and taking advantage of today's new environment by drawing on connectivity, places and people. The huge potential of Japan's human and knowledge capital has yet to be fully exploited. It is a tantalising prospect, and today's policymakers must get to the task of realising it. The 50th anniversary of joining the OECD is the perfect time to start.

For more on the Japan Revitalisation Strategy, see www.kantei.go.jp
Visit www.oecd.org/innovation

Education in Japan: Learning to change

Andreas Schleicher, Special Advisor on Education Policy to the Secretary-General, and Deputy Director, OECD Directorate for Education and Skills



Japan is one of the world's most compelling success stories in education. But can it stay at the top? Yes, but new approaches will be needed.

Japan is one of the world's most compelling success stories in education. The country features consistently among the world's top-performing systems in OECD PISA*, the leading international test of competence among 15-year-old school students, with regard to the quality of learning outcomes, equity in the distribution of learning opportunities and value for money.

Japan's strong commitment to education fuelled rapid economic growth in the post-war period, and thanks to high-quality human capital, it is one of the key players in the production of high technology, high value-added products. By the 1980s, Japan could declare that it had caught up with the most advanced industrialised nations, both economically and with regard to its education system. And by the time the Fundamental Law on Education was revised in 2006, much had changed since the law was adopted in 1947. Life expectancy for men had risen from 50 to 79 years, and for women from 54 to 85 years. The high school attendance rate had grown from 43% to 98%. University attendance had climbed from 10% to 49%.

But catching up with the rest of the world and emulating others is easier

than charting a new future. There are ongoing concerns in Japan about a loss in moral standards and declining student motivation, coinciding with a perceived decline in the country's edge in innovation. So while Western experts visit Japan to learn from its success in education, many Japanese people are worried that high student performance might no longer translate into success in business and in life. Where, they ask, are our Nobel Prize winners? Where are the people with the kinds of breakthrough ideas that could create a new Microsoft or Apple, or even a new Sony or Nikon, or give rise to whole new industries to harness Japan's brilliance in robotics, for instance?

A key to Japan's success in education has been the traditional belief that all children can be achievers. This is mirrored in the comparatively weak impact that social background has on educational outcomes. However, PISA suggests that these high standards of equity are coming under pressure. Japan's efforts to devolve responsibilities for educational decision-making to schools and local authorities must now be accompanied by equity-related policies that attract the most talented teachers to the most challenging classrooms, and the most capable principals to the schools most in need of a boost. Effective school leadership is required, along with a stronger emphasis on informality, to allow quick decision-making, and freedom to act so that local

education authorities and schools can react to changing situations and the surrounding environment.

Many countries envy Japan for its clear and ambitious academic standards across the board, and for coherent delivery chains through which curricular goals are achieved, thanks to high-quality instructional systems and practices, and approaches to student learning.

So, what are the main challenges? For a start, the rapid decline in the student-age population, which has significantly widened the gateways into the education system, reducing the motivating impact which high stakes have traditionally had. Japan will therefore need to consider alternative incentive structures to maintain students' and society's commitment to education. Also, as individuals change jobs more frequently, workplace performance will have a greater influence on careers than just school or university. Perhaps most importantly, while PISA shows that Japan has made significant progress in fostering students' interest in and engagement with learning, this is an area where Japan still lags significantly behind other advanced education systems. Curriculum reform will be central if Japan wishes to fulfil its ambition of shifting the emphasis away from a traditional subject-based approach towards a competency-based approach, for only by doing that can it match the world's best-performing education systems.

Another challenge is the quality of teaching. Experience with the integrated course of study shows that success will depend not just on curricular innovations, but on how well teachers are trained to use them. There is no doubt that the demands placed on Japanese teachers continue to rise. Teachers are asked to equip students with the competencies they need to become active citizens and workers in the 21st century. They are asked to personalise learning experiences to ensure that every student has a chance to succeed and to deal with

increasing diversity in their classrooms and differences in learning styles. And they need to keep up with innovations in curricula, pedagogy and digital resources.

To address these demands, Japan will need to rethink many aspects of its approaches to teacher development, including how to optimise the pool of individuals from which teacher candidates are drawn; recruiting systems and the ways in which staff are selected; the kind of initial education recruits obtain before they start their jobs, how they are monitored and inducted into their service, and the continuing education and support they receive; how their compensation is structured; and how struggling teachers can be helped to improve, while the best-performing teachers are given opportunities to acquire more status and responsibility.

In recent decades, Japan has tended to prioritise reductions in class sizes over investments in the quality of teachers. This balance may now require adjustment, and our studies provide a range of examples on how this could be achieved. What is clear is that performance is the result of what happens in classrooms, and only reforms that are implemented in classrooms can be expected to succeed. Teacher engagement in the development and implementation of educational reform is therefore crucial, and school reform will not work unless it is supported from the bottom up.

In short, much remains to be done to fill Japan's educational goal of "zest for living" with life—to which the Great East Japan Earthquake has given such urgency and an entirely new meaning. For the decades ahead, the aim should be to build an

education system that shifts away from reproducing educational content for degrees towards strengthening competencies for life; from educating for situational values ("I will do anything the current situation allows me to do") towards sustainable values; from competing in exam hell towards strengthening social skills and social cohesion; from educating to serve the nation state towards education for citizenship in the local community, Japanese society and the wider world we live in.

*Programme for International Student Assessment

Reference

Schleicher, Andreas (2013), "Lessons from PISA outcomes" in *OECD Observer*, No 297 Q4, available at: <http://oe.cd/v4>

Visit www.oecd.org/pisa

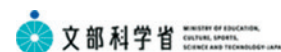


Overcoming the Earthquake Disaster,
Toward Creation of New Education

OECD
東北スクール
OECD TOHOKU SCHOOL

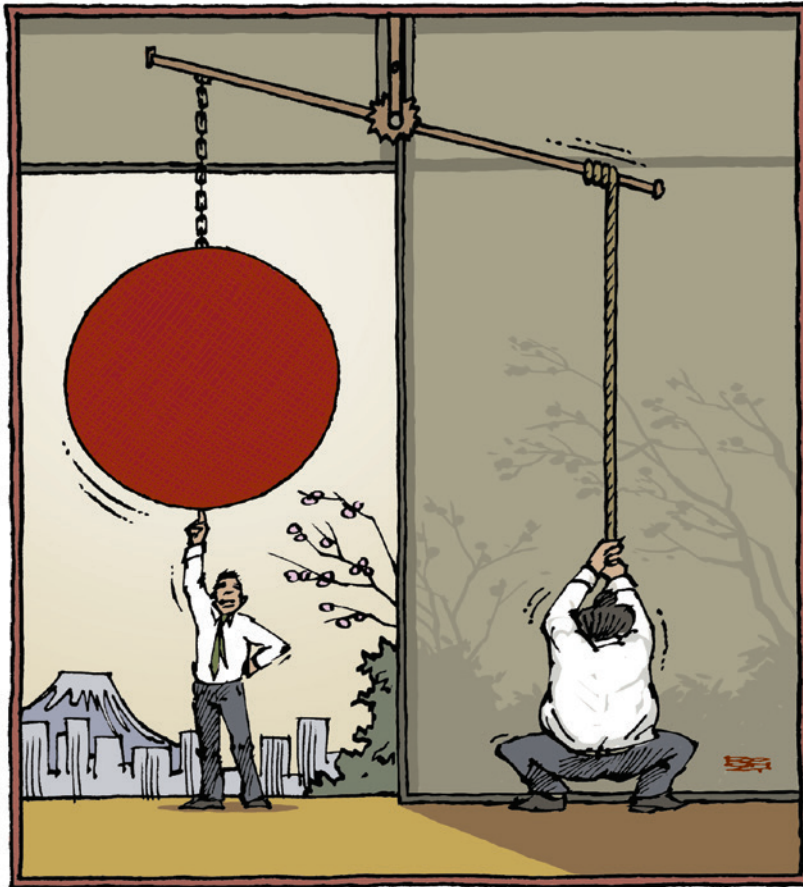
March, 2012, Tohoku
» August, 2014, Paris

<http://www.oecd-tohoku-school.com>



Towards a more agile public governance

Rolf Alter, Director, Edwin Lau and Setsuko Saya, OECD Directorate for Public Governance and Territorial Development



©David Rooney

Unique budgetary and demographic pressures, as well as the need to manage risk, will push Japan's civil service to raise its game and adapt new ways in the years ahead.

In the 50 years since its entry into the OECD, the Japanese economy and society have changed radically. Enormous efforts to build a modern infrastructure and spur education, innovation and trade have made Japan one of the world's leading economies.

But Japan faces many challenges today that call for a renewal of its model, from strengthening the economy and improving Japan's competitiveness, to addressing ageing and managing risks. Meeting these challenges demands more

resilient and agile forms of governance. The Great East Japan Earthquake and tsunami in 2011 woke the country up to how large-scale disasters affect not only national competitiveness, but cut right across Japanese society. A rapidly ageing population will increase demand for public services, while budgets will come under increasing strain.

The central public workforce itself, however, is now smaller than ever. While most other OECD countries rapidly increased the size of their central government workforce in the 1970s, Japan tightly restricted its public employment. The general government sector, which includes central and sub-national employees, accounted for 6.7% of total employment (2010). That is one of the

lowest shares of all OECD countries, and is well below the OECD average of 15.1%.

How can the government better respond to today's challenges? Boosting the size of the civil service would not be an easy option, partly for budgetary reasons. Japan holds one of the highest public debts as a percentage of GDP in the OECD, although general government expenditure relative to GDP remains below the OECD average. The authorities have tried to get more out of the civil service by lengthening the working life of public employees, raising their pensionable age, from 55 in 1942 to 65 today. The Public Servant Reform Act of 2008 also created a new job assignment system for workers taking early retirement.

The issue lies not only in numbers, but also in effectiveness. The civil service needs to innovate and increase its productivity, while bringing in new skills and working in new ways. Public opinion increasingly sees civil servants as a protected group that is out of touch with the real world. Clearly, having a civil service that is fit for purpose is vital. Policymakers understand this, and public governance reforms in Japan to respond to these challenges have begun.

The public sector is evolving, in addressing large-scale risk for instance, and through decentralisation programmes, regulatory reform and new forms of partnership with the private sector. Such experience should prove useful when it comes to forming the kind of agile civil service Japan will need to help plan and implement reforms.

"Abenomics", which is the popular name for Prime Minister Shinzo Abe's strategy to address the economic challenges and revitalise Japan, has shown strong initial results, but its long-term impact will depend on these reforms. Innovative approaches will be important.

Consider public-private partnerships (PPPs), which are likely to feature prominently in future policy. In June 2013

Prime Minister Abe announced plans to establish a PPP market of approximately \$100-120 billion by 2022. In October 2013 the Private Finance Initiative Promotion Corporation of Japan, which finances risk money to encourage private investment on infrastructure, while reducing the financial burden on the public sector, was established with both private and public funding.

This is welcome news, since PPPs have shown that they can be used to help build more resilient societies. In places such as Kitakyushu city, they have helped to overcome pollution and spur greener growth, so continuing the shift away from the more narrow economic growth agenda of the 1960s and 1970s.

Large-scale disasters have also driven governments at all levels to work in new and more integrated ways. Japan's well-known resilience to major natural hazards has been sorely tested in recent years, but while mistakes have been made, lessons are being acted upon to preserve the well-being of citizens in a highly exposed country. Over the past 50 years authorities have worked hard to improve safety. The mortality rate due to earthquakes has decreased sharply, for example, because buildings are safer, and there are early warning systems that can stop everything from bullet trains to lifts before massive seismic shocks strike.

These successes are also due to less visible efforts, such as the enforcement of building codes and land-use plans. It is in these areas that Japan has excelled. New "compact" urban developments, such as Toyama city, designed to avoid sprawl and excessive public service costs in remote areas, are viewed around the world as a model for building efficient and robust cities designed for an era of ageing and depopulation. The country's local government and private sector networks foster mutual support in case of peacetime emergencies by distributing tsunami hazard maps and conducting evacuation drills, for example. The OECD

Principles on the Governance of Critical Risks, which will be presented to OECD members in May 2014, will draw from such experiences.

Whatever approaches and partnerships Japan adopts to meet public policy challenges, a skilled and nimble civil service will be an essential cornerstone. Public policy must be renewed, while maintaining the motivation of older civil servants, and tapping their knowledge and experience. The civil service has

General government employment, at 6.7% in 2010, is one of the lowest in the OECD area

traditionally had a hierarchical and formalised structure, with tough civil service entrance examinations, clear and rigid career paths, little mobility, lifetime tenure, rigid remuneration based on seniority, and advantageous pension systems. These features served to minimise the risk of excessive political influence, corruption, misconduct, the exercise of private interests and the instability of government. Civil servants were viewed as ethical and impartial experts, committed to the public good. Moreover, a positive image of civil servants as custodians of broad national interests further supported the implementation of reforms.

The civil service today, however, has come under pressure to increase flexibility and improve performance. Under Prime Minister Hashimoto in the 1990s, the powers of the prime minister and cabinet were strengthened, the number of central ministries was reduced, and independent agencies were set up to strengthen the focus on performance. In recent years the Japanese civil service has undergone significant changes and reforms to help it work more efficiently. In 2001, a central government reform was implemented to merge existing ministries, strengthen the operation of the cabinet and achieve more efficiency. Reforms were also made to increase competition in the recruitment process for entry into the civil service, and

the focus on performance evaluation was further strengthened.

Nowadays, Japan tends to follow the same grand reform paths as other OECD countries: decentralisation of human resources responsibilities, the accountability of managers, flexibility in recruitment and career development policies, a focus on individual and organisational performance management, and a general trend towards de-bureaucratisation.

The Japanese government needs to complement these efforts with measures to strengthen public sector skills in areas such as delivering social services to the elderly, managing partnerships with the private sector, contributing to organisation renewal and service innovation, and taking advantage of digital technologies. Japan has managed innovative public sector reforms over the years, but is also facing unique budget and demographic pressures. These will continue to push the civil service to raise its game and adapt new ways of working. This means both meeting the expectations of citizens and promoting innovation, while helping civil servants fulfil their role of building a more resilient society for tomorrow.

References

- Draft principles on the governance of critical risk, www.oecd.org/gov/risk/governance-of-critical-risks-public-consultation.pdf.
- Huerta Melchor, O. (2013), "The government workforce of the future: Innovation in strategic workforce planning in OECD countries", *OECD Working Papers on Public Governance*, No. 21, OECD Publishing, 10.1787/5k487727gwwb-en.
- OECD (2012), *Compact City Policies: A Comparative Assessment*, OECD Green Growth Studies, OECD Publishing, 10.1787/9789264167865-en.
- OECD (2011), *Future Global Shocks: Improving Risk Governance*, OECD Publishing, 10.1787/9789264114586-en.
- OECD (2013), *Government at a Glance 2013*, OECD Publishing, 10.1787/gov_glance-2013-en.
- OECD (2013), *Green Growth in Kitakyushu, Japan*, OECD Green Growth Studies, OECD Publishing, 10.1787/9789264195134-en.
- OECD (2011), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, 10.1787/9789264166707-en.

LIVEABLE AND SUSTAINABLE CITIES: COMMON CHALLENGES, SHARED SOLUTIONS

The World Cities Summit is the exclusive and premier platform for government leaders and industry experts to address liveable and sustainable city challenges, share integrated urban solutions and forge new partnerships.

WORLD CITIES SUMMIT SESSIONS INCLUDE:

- 📍 World Cities Summit Mayors Forum
- 📍 Lee Kuan Yew World City Prize Lecture
- 📍 Lee Kuan Yew World City Prize Forum
- 📍 Plenary 1 : The Next Urban Decade - Critical Challenges & Opportunities
- 📍 Plenary 2 : Liveable & Sustainable Cities - Fast Forward
- 📍 In-Focus Forums: China, India, Southeast Asia, Latin America
- 📍 Will Mayors Rule the World?
- 📍 Making Plans into Reality
- 📍 Innovative Urban Solutions for Liveable & Future-Ready Cities
- 📍 Resilient Cities
- 📍 Safe & Liveable Cities

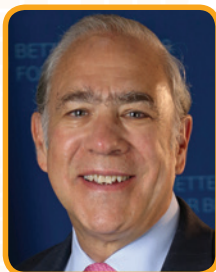
DISTINGUISHED SPEAKERS INCLUDE:



Peter Brabeck-Letmathe
Chairman, Nestlé SA



Cheong Koon Hean
CEO, Housing & Development Board, Singapore



Angel Gurría
Secretary General, OECD



Aníbal Gaviria Correa
Mayor, Medellín, Republic of Colombia



Patricia de Lille
Executive Mayor, Cape Town, Republic of South Africa

Benefit from outcome-oriented dialogue with government leaders and industry experts across the value chain in integrated urban solutions. Network with the who's who in the world of cities, including ministers, mayors, government officials, experts, industry leaders and head of international organisations to explore new business opportunities and forge new public-private partnerships.

REGISTER YOUR INTEREST TO ATTEND:

www.worldcitiessummit.com.sg

ORGANISED BY:

Japan in East Asia

Katsutoshi Saito, Chairman, The Dai-ichi Life Insurance Company, Limited;
Vice-Chairman, Keidanren* and Vice-Chairman, BIAC Executive Board

It is essential for the OECD to strengthen its ties with East and Southeast Asia.

Investment by Japanese companies in East Asia increased dramatically from the mid-1980s against a backdrop of sharp yen appreciation following the Plaza Accord. During this period, a string of Japanese manufacturing bases was established in Southeast Asia, including in Thailand, Indonesia, the Philippines and Malaysia. Then, from the 1990s through to the 2000s, the technologies and expertise of Japanese companies gradually took root in the local region. For example, when the automotive industry first moved into Southeast Asia, it relied on importing parts, but gradually local procurement increased.

During the same period, parts and products started being manufactured across several countries following a phased reduction in customs duties on industrial products in the

Bilateral free trade agreements alone are no longer enough

Southeast Asia region as well as the development of distribution and communications networks. In this way, Japanese companies expanded the value chain across the entire region.

The Trade in Value Added (TiVA) statistics published by the OECD illustrate how the value chain has spread throughout the world, and they suggest that in this era of globalisation, bilateral free trade agreements alone are no longer enough.

Moving into the 21st century, Japan signed an Economic Partnership Agreement with Singapore in 2002, followed by bilateral economic partnership agreements with Malaysia in 2006, Thailand in 2007, Indonesia, Brunei and the Philippines in 2008, and Vietnam in 2009. In 2008, the ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEP) was signed with ASEAN as a whole, but this is not enough. The next goal is to build a regional free trade zone incorporating the region-wide value chain.

In this respect, there is a need to promote economic integration in East Asia: ASEAN has signed free trade agreements with China, Korea and other countries besides Japan, and plans to establish the ASEAN Economic Community (AEC) by the end of 2015, to which can be added the China-Japan-Korea FTA and the Regional Comprehensive Economic Partnership (RCEP) comprising ASEAN plus six countries. This is one of the pathways to a Free Trade Area of the Asia-Pacific (FTAAP), a free trade zone on the scale of APEC.

To ensure that this kind of economic integration in East Asia is effective and achieves sustained and balanced economic growth,

it is important to establish both a “hard” and “soft” infrastructure in parallel with the promotion of economic integration, and to enhance connectivity across the entire region.

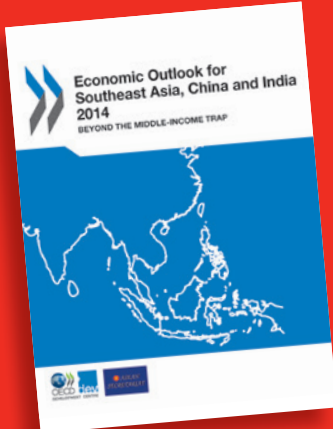
Specifically, “hard” infrastructure includes the need, for example, to repair the East-West Economic Corridor in the Mekong region and the Southern Economic Corridor, and to improve distribution by upgrading bridges. Japan has contributed to this by providing funding and technological cooperation. Concerning “soft” infrastructure, there is a need to keep international consistency in mind and overhaul the legal systems in ASEAN countries, including customs procedures. On this point, Japan has offered support including despatching experts.

By promoting the economic integration of East Asia in this way, Japan aims to develop together with East Asia. In this process, it is hoped that TiVA will provide useful hints as to the appropriate form of economic integration.

With East Asia expected to increase further in importance as a global centre for growth through economic integration, it is essential for the OECD to strengthen its ties with this region in order to play a leading role in global governance. As the first country in East Asia to gain membership of the OECD, it should indeed be Japan’s role to build bridges between the OECD and East Asia. Japan will chair this year’s OECD Ministerial Council Meeting in May, and one of the topics to be raised is “Strengthening ties with Southeast Asia”. The Ministerial Council Meeting should be seized as an excellent opportunity to strengthen this role.

*Keidanren is a confederation of Japanese business and a member of the Business and Industry Advisory Committee to the OECD.

Visit www.keidanren.or.jp and www.biac.org



Order this now!

Browse and order at www.oecd.org/bookshop

Marking economic growth and social progress

Nobuaki Koga, President, Japanese Trade Union Confederation (RENGO)



©Toshitomi Kitamura/AFP

Japan's accession to the OECD was an event that marked Japan's entry to the club of developed nations. In 1964, Japan was in the midst of high-speed economic growth, and the national policy was to catch up with and overtake the US and Europe. In October of that year, Tokyo hosted the first Olympic Games to take place in Asia, and four years later, in 1968, the country's GNP passed West Germany's and Japan became a major economic power second only to the US.

However, economic scale is not the only criterion by which to gauge a developed country. To become a developed country both in name and substance, not just the government but also workers and employers, as social partners, need to understand and perform their social responsibilities as members of this wider international society.

As well as economic policies for growth, the OECD sets out environmental policies and various other standards and guidelines, such as *Towards Green Growth* (2011) or the work of the Development Assistance Committee (DAC), which contributes to the sound development of poorer countries. In particular, the OECD Guidelines for Multinational Enterprises, which were first adopted in 1976 and revised several times subsequently, have put certain brakes on an excessive "race to the bottom" by calling on multinational enterprises—the main actors in globalisation—to protect the environment, combat bribery and establish sound labour-management relations based on the respect of core labour standards, not just to uphold shareholder rights.

The Japanese government has mentioned strengthening the partnership between the OECD and Asian countries as a key topic for the 2014 OECD Ministerial Council Meeting in May, which Japan is chairing. This "partnership" is not just about encouraging economic growth in the respective countries, but must also act as a framework for the OECD to ensure compliance with agreed standards and achieve social progress at the same time as economic growth.

Among the OECD's policies, the 1994 OECD Jobs Strategy has made the strongest mark. Out of the nine recommendations of the strategy, we, trade unions, have remained resolutely opposed to relaxation of the rules protecting workers, which has entailed greater flexibility in working hours as well as wages and other labour costs, and a re-examination of the provisions for job security.

It may create misunderstandings by saying this, but some policies tend to come in and out of fashion. From the 1990s to the 2000s, most countries around the world leaned towards pro-market liberalism, and the OECD was no exception to this. Thinking about the creation of a single global marketplace prompted by the fall of the Berlin Wall in 1989, the increased burden on governments

We, trade unions, have remained resolutely opposed to relaxation of the rules protecting workers

and the way this subsequently inhibited growth, undoubtedly one option for policy planners was to put the priority on maximising business freedom.

But having experienced the worldwide recession triggered by the fall of Lehman Bros, we realised how entrusting everything to the market led neither to growth nor to people's happiness. All around the world, at all levels of society, we are seeing a comprehensive re-evaluation of previous policies and the search for a new approach. The goal of "inclusive growth" was highlighted within the OECD's *Growing Unequal and Divided We Stand* reports, and are now encapsulated in the "New Approaches to Economic Challenges" (NAEC) initiative, which is gathering specific recommendations for achieving a policy shift. It is hoped that NAEC will generate solid momentum for change.

The Trade Union Advisory Committee (TUAC) to the OECD and its counterpart, the Business and Industry Advisory Committee (BIAC) to the OECD, are the source of far-sighted and balanced policy input to the OECD work programme. This social partnership may occasionally spark conflicting labour and management interests, and the consensual process may seem inefficient. However, it is needed in order to create policies that are broadly acceptable to society as a whole. From the perspective of long-term policy enforceability, it is the most efficient process.

As we celebrate Japan's 50th anniversary at the OECD, RENGO aims to realise a secure society based on "work". Through TUAC, we intend to continue playing an active role in the OECD's activities.

RENGO is a member of the Trade Union Advisory Committee (TUAC) to the OECD. Visit www.jtuc-rengo.org and www.tuac.org

Over half a century of development assistance

Development is at the heart of the OECD’s mission, and Japan has always been at the heart of the OECD’s development efforts.

Japan’s development aid programme predates its OECD membership by a decade, since the country became a participant in the Colombo Plan for Co-operative Economic and Social Development in Asia in 1954. The Colombo Plan quickly became a way for Japan to launch technical co-operation and also to initiate a more international presence and influence in economic and social policy.

This role grew thanks to Japan’s yen loans, which it began disbursing in 1958 with a loan to India. Japan received the last of its own multilateral development loans in 1966, and by 2012 the country marked its 22nd year as the world’s largest creditor

nation. The country’s official development assistance (ODA) expenditures also took on new importance as a foreign policy instrument when it joined first the Development Assistance Group (later Committee) at the OECD before joining the OECD proper in 1964. By 1989 Japan’s total ODA was the highest in the world, a position it held until 2000. By 2004 Japan had disbursed over US\$220 billion for development in 185 countries.

Nowadays Japan’s bilateral development assistance comes to less than 0.2% of gross national income, down from over 0.3% in the late 1980s and early 1990s, and below the UN recommended target of 0.7%. Nevertheless, it was the fifth largest aid donor in net terms in 2012 with some US\$11 billion, and in gross disbursements it is the second largest aid donor on the planet, after the US.

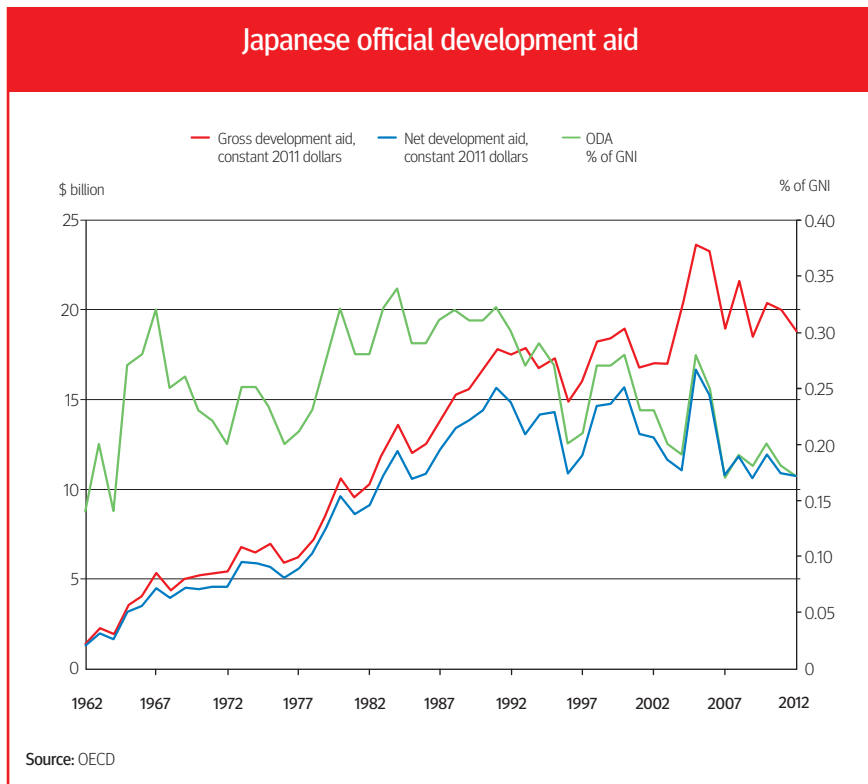
According to JICA (Japan International Co-operation Agency), which is responsible for implementing the country’s overseas aid programmes, today’s projects aim for “inclusive and dynamic development”, with an emphasis on self-help and technical support. The range of projects which Japan has been responsible for is wide: from working with fishers to help kick-start salmon farming in Chile in the late 1960s and providing technical and financial support for traditional grain crops in Afghanistan in 2000s; to large scale infrastructural projects, such as expanding the Suez Canal in Egypt from the late 1950s, and a multibillion dollar loan and grant scheme for rebuilding Iraq in 2003.

Japanese aid also helps small businesses, medical facilities, education and research to take hold in Asia, Africa and Latin America. It provides for urban planning to improve living conditions and well-being in cities. And it assures emergency assistance, via disaster relief, volunteer medical teams and self-defence forces. More recently, as a traditional donor eager to improve the effectiveness of aid, Japan has been an active proponent of working not just with recipient countries but with relatively new donors from emerging countries as well, using so-called “triangular” co-operation.

Japan’s Official Development Assistance White Paper 2004: “Accomplishments and Progress of 50 Years”, at <http://www.mofa.go.jp/policy/oda/white/2004/index.html>

The next OECD DAC Peer Review of Japanese ODA will be issued in 2014. Visit www.oecd.org/dac

Japanese official development aid



An artist in a rising sun: Yuko Sakurai

Yuko Sakurai is one of a new “global” generation of talented Japanese painters. Born in Tsuyama in 1970, Ms Sakurai has lived in North America and Europe, and is now based in Paris, France. Her warm, rich, virtually tactile paintings have won acclaim in several major cities, and were exhibited at the prestigious Venice Biennale in 2011. Ms Sakurai personifies a new, cool Japan and its enriching influence in an evolving global village. She describes some of her thoughts in this interview.

Yuko Sakurai: Travelling makes me alive, makes me flexible, makes me happy, makes me stronger by connecting with people, and makes me feel enriched by encountering nature. Travelling strengthens my emotions, stimulates all my senses, teaches me even about food origins from place to place, and shows me other ways of life by getting closer to different cultures. It is not easy to observe myself if I always live in the same place and environment that I like or know well already. One thing I want to tell you is I do care about my own home base, for it gives me self-consciousness and self-awareness.

While I want to gain as much information as possible from the outside world by travelling, I also need to return to my home base every once in a while. It might be because I am very emotional. I just cannot handle receiving so much information from being away over a long period of time. Eventually, I like to go back to my home base, and digest all my emotions from the experiences

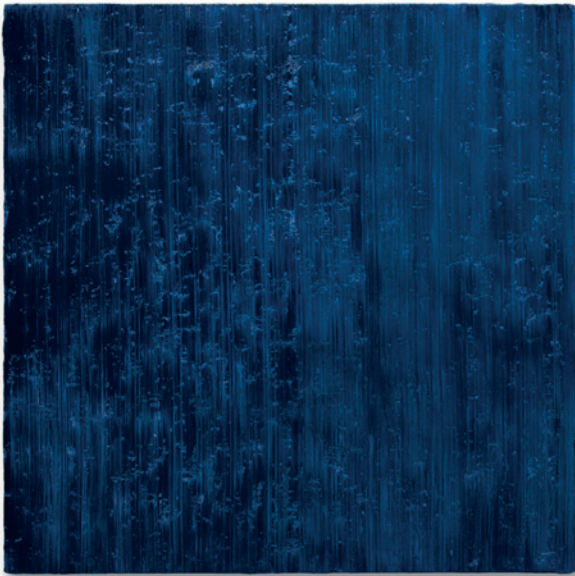
gained by travelling and which formed part of my consciousness. If I remember correctly, Hamish Fulton said that when you start travelling, you start feeling yourself to be smaller and smaller, and then the world becomes bigger and bigger. I think that those are beautiful words. So, travelling has a strong impact on my work. By travelling I get my own freedom and I can express myself in

I do care about my own home base, for it gives me self-consciousness and self-awareness.

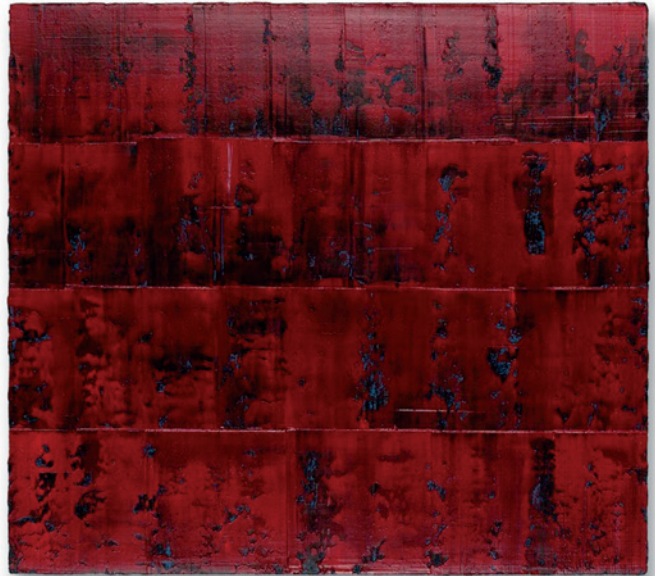
a more direct way. The emotions that come out by travelling I express in my work. I want to tell you one thing: I create my work with only positive thoughts. I like to share my emotions and thoughts in a positive direction.[...]

Peter Lodemeyer: Does it mean that art has an ethical dimension for you? Is there something like a utopian element in your work?

YS: I don't think that I have an ethical dimension in my art. Ethical and moral principles are important to our lives, our society, our culture. Depending on the culture where you grew up, the ethics can be different. I do care about them, but I do not use them in art. Of course when I express myself, it means that the art contains my own philosophy, my own ethical thoughts, but I do not take it as a subject matter. Therefore, I do not have any utopian theory in my work. I am not a dreamer. Through my art,



Avril Paris I, 2013, 45 x 45 x 2.5 cm



Mai-Paris #6, 2013, 45 x 50 x 2.5 cm

I would like to share my thoughts with people. I don't wish to teach viewers or try to educate them through my art.[...]

PL: Your works refer to places you visited. So, they are strongly related to memories. What kinds of memories play a role for making your works?

YS: It's not necessarily about memories. Sometimes I make art like a diary. Then I chose themes from my daily life and surroundings in certain places to express my existence and my awareness. Tsuyama, Heusden and Miami are places where I have lived; these places influenced my life and art. Although I do not live in Japan, Tsuyama is still my parents' hometown. When I go back to Japan, I always visit Tsuyama. My roots are there, and after some time I miss Japanese tradition and culture and feel that I need to experience the original Japanese essence again. This is like recharging my battery, that's why I go back there. When I come back to Europe, I make Tsuyama works. Tsuyama, Heusden and Miami are my groundworks. With them I do create a

At 69th & Collins Avenue I made 55 sunrises

relationship with these areas. My memories are passion, excitement and fascination. My emotions come from feeling the water, feeling the earth, from the sense of touching, the atmosphere of the sky and the sun. I can feel the essence of a place with all my senses. When I can reach the source of a river, or a high mountain, a place where not many people have been, an area where local people live or a deep forest with no one, that's fascinating. I feel existence by just being there. When I was in Miami, for example, I was lucky to stay by the beach, facing east on the Atlantic Ocean. Every day during the sunrise, I could experience the differences in colour of sky, clouds and waves. I tried to pay attention to these colours. For three months I rarely missed seeing any sunrise. That was an extraordinary time experience. I always told myself that it might be the last chance to have such a beautiful sunrise view for myself. From these days at 69th & Collins Avenue I made 55 sunrises. Sometimes I made work from cities such as Brussels, Ghent, Cologne and Paris. These are memories from my encounters with people there, who influenced me. I do not write of my experiences in a notebook. I only express them in my work to keep remembering. [...]

Extract from an interview with Peter Lodermeier (lodermeier.com), in Venice, Italy, June 2009. Published in *Personal structures-Time-Space-Existence*, edited by Peter Lodermeier, reproduced courtesy of Yuko Sakurai and Peter Lodermeier. The full 3,000-word version can be read at www.oecdobserver.org

Yuko Sakurai's paintings will be on show at the OECD Conference Centre in Paris in April-May 2014, courtesy of ALORA, the organisation's staff social and cultural committee, in celebration of the 50th anniversary of Japan's membership of the OECD.

Visit www.yukosakurai.com



Nihonkai 5, 2003, 56 x 39 x 4 cm



Brooklyn Bridge 2, 2007, 65 x 40.5 x 1.5 cm

Japan's radiant architecture

Ruairi O'Brien, Architect*



©Iain Masterton/Alamy

Japan's development and influence have long been reflected in its architecture, and that influence is set to continue.

International architecture has changed dramatically in the last 50 years. There is presently no predominant school of thought, no one style that can guarantee an investor success, no visionary who can singularly lead an architectural movement and no one building that sums up the zeitgeist as was so often the case throughout the 20th century. The 21st century has begun with a greater emphasis on the ecological footprint of buildings and their sustainability, rather than just aesthetics.

Japanese architecture not only reflects this change, but is in many ways

beating a path for the rest of us. Japan understands it must deal with the regional climate and risky environment, and express its traditional culture in a contemporary architectural language that is appropriate to its citizens' needs. From the Kyoto Protocol in 1997 which marked an awakening to the issue of

Japan understands it must deal with the regional climate and environment, and express its traditional culture in a contemporary architectural language

climate change, to the Fukushima disaster in 2011, not only have architects begun questioning costs, but the decisions of past generations. There is a new holistic rethinking about *genius loci*, privileging

the right concept for the right place. The involvement of local citizens in discussions, the development of their 24/7 living, working and recreation quarters, Japan's ageing society, and its seismic exposure compel architects to seek better answers that are acceptable to all citizens, young and old.

Architecture has always developed through cross-fertilisation, and the import and export of techniques around the world. This "copy and paste" has produced some of the great architectural wonders of the world—in Nara, the capital of Japan from 710 to 784, for example, the national museum was built during the Meiji period in 1894 and designed by Katayama Tōkuma in the French Renaissance style. Or take Tokyo central train station, designed by Tatsuno Kingo and built in 1914. Though recently renovated by the renowned Japanese lighting designer Kaoru Mende, it could easily fit into the present-day urban fabric of London. Perhaps the most influential western architect to espouse the Japanese way of thinking was Frank Lloyd Wright, who built the Imperial Hotel in Tokyo, (1913–24). Wright predicted future difficulties when he wrote in 1931 that "the Japanese house, a perfect expression of organic architecture, is being made over into a western garage, instead of being organically developed into a suitable place for the same life rising from its knees to its feet".

Japan's architectural styles stretch back over two millennia: the 2nd century wooden buildings of Nara, the Buddhist-style Asuka buildings a few centuries later, and the earthquake- and rain-resistant Zenshuyo style structures of the 12th century still stand today. This long tradition of indigenous responsive design dominated until the 19th century when international business and cultural exchange with the west increased dramatically. For the Japanese, the local traditional approach to building for the regional climate and local cultural identity was out of fashion. Moreover, the Second



©Iain Masterton/Alamy

World War, which brought destruction and defeat, increased the longing to make a break with the past.

A new start was sought in the fast building processes of the day, while copying architectural styles from the United States and Europe. But by the 1960s Japanese architects Kiyonori Kikutake, Kisho Kurokawa and Fumihiko Maki had started to rebel against this “boring” globalised style, and experimented with a fusion of megastructures and biological systems, known as the “Metabolism movement”. This in turn inspired students in the west, as reflected in the Centre Pompidou in Paris, designed by Richard Rogers and Renzo Piano in 1977, and Norman Foster’s Hong Kong-Shanghai Bank in Hong Kong-China in 1985. Parallel to this demonstration of muscular, skeletal and machine architecture there was a

softer, more poetic movement growing in Japan, led by “local” architects such as Tadao Ando, who were rediscovering their cultural roots while fusing Western and Eastern thinking. In this energy-crisis era, simple things began to be attractive again.

Tadao Ando’s writing traces this development. He describes his intention to establish in his houses “a human zone where the individual can develop in the midst of the standardisation of the surrounding society”. These compact

Light is a building material

microcosms of urban space for human life in the modern anonymous cities of Japan inspired countless designers, writers and filmmakers throughout the world. It was a political and a poetic statement. Small is beautiful, but also private and shareable, atomised and communal.

As Mr Ando writes, “the architectural materials do not end with wood and concrete that have tangible forms, but go beyond to include light and wind which appeal to the senses”. Or as Kaoru Mende puts it, “light is a building material”. Mr Mende became famous among western architects, designers and students after his collaboration with the architect Toyo Ito on the “Tower of Winds” building in Kanagawa in 1986. This small building is the stuff of science fiction.

Today a new generation of architects reflects an increased sensitivity to democratic, community-based dialogue. Zhao Yang’s “Home for All” is a beautiful, light-filled, almost timeless space that was developed with the local fishing community that had suffered severely from the tsunami in 2011. The work and ideas of Yuko Nagayama, a young woman born in Tokyo, embody the change of emphasis in Japan’s hitherto rather male-dominated approach to city planning and urban living. Having worked in Japan and abroad, Ms Nagayama collaborates with artists, writers and filmmakers, as well as planners and engineers, and is as at home

with high-class new-build commercial projects, such as her Louis Vuitton Kyoto Daimaru, as she is with revitalising old buildings, such as the traditional Inn Kiya Ryokan in Uwajima. She uses what is there to achieve what is not there by exploiting the spaces between, filling the gaps and using the “leftovers” in inclusive and people-oriented ways. She is currently in discussions in the Roppongi area of Tokyo about encouraging artists to “use the town itself as a place for expression”, by creating works for insignificant walls, for instance.

If Japanese architecture in the last century could be seen as an expression of fast growth, destruction, rebirth and expansion, today’s Japan promises to deliver a new hybrid of high and low tech to shape a responsive, citizen-oriented contemporary architecture. In this sense, in the century to come we can look forward to Japanese architects weaving their answers to important city planning questions from their own roots as well as from our common history.

*Ruairí O’Brien designed and led the “Travelling Micro-museum Exhibition” on German literature to Tokyo for the Deutschland-Japan year in 2005. He runs his own interdisciplinary urban planning, architecture, light and art studio in Dresden, Germany. He teaches architecture and light at universities around the world. Visit www.ruairio'Brien.de

References

- Ando, Tadao (1977), in “New relationships between space and the person” in *The Japan Architect*, October/November. Ando, Tadao (1981), “Koshino residence,” in *Space Design*, June.
- Clarke, Rory, and Lamia Kamal-Chaoui (2006), “Making city sense”, in *OECD Observer* No 255, May 2006.
- Frederick, Guthrie (1941), *Frank Lloyd Wright on Architecture, Selected Writings (1894-1940)*, The UNIVERSAL Library, Grosset & Dunlap, New York.
- Mende, Kaoru (2000), *Designing with Light and Shadow*, Images Publishing, Australia.
- Nagayama, Yuko (2013), *Tokyo Midtown Interview* No. 30. Search “sustainable buildings” at www.oecdobserver.org <http://bit.ly/P4pgEz>

TRANSPARENCY IN MOTION

ONLY
GLASS

MEDIAFACADE



When architecture is the **PLAY**
and design becomes **LYRICS** -
ONLYGLASS MEDIAFACADE
presents the **STAGE** for ideas and
emotions.

Discover the megatrend of urban
communication.



Japan at the OECD and the OECD in Japan

A story of economic policymaking

Kumiharu Shigehara, former Deputy Secretary-General and former Chief Economist at the OECD*



Japan and the OECD have worked hard to get to know each other over the last 50 years.

A rather sarcastic view of Japan's role in international organisations was expressed in the *Financial Times* of 22 January 1992. The article was entitled "Japan's turn", and it said: "Japan has been better at donating money, rather than its brightest civil servants, to international organisations. So, Kumiharu Shigehara's career as the OECD's next Chief Economist will be watched with more than usual interest".

Not only was I about to become the first ever Japanese Chief Economist at the OECD, but the *Financial Times* writer described me as one of a new breed of "assertive and internationally-minded" economists who "speak their mind". Could I live up to the billing?

To tell the truth, I initially declined a personal invitation from Jean-Claude Paye, then secretary-general of the OECD, who sent his chief of staff to my office in

Tokyo in autumn 1991—I was then chief economist of the Bank of Japan—to ask me to consider running for the post of Head of the OECD Economics Department. I had heard rumblings of dissatisfaction from finance and central bank officials from major OECD countries, particularly about how two key bodies—the Economic Policy Committee (EPC) and the enigmatic-sounding Working Party No 3 (WP3)—were being run. Moreover, I had already worked at the OECD on three previous occasions, including as a director in the Economics Department, so I was well aware that the task of reviving these bodies would be daunting. Besides, the personal costs of curtailing my career as chief economist at the Bank of Japan and going back to Paris would be high. But I decided to take up the challenge when some months later the OECD secretary-general himself rang me to persuade me to put my name forward.

The announcement of my return to the OECD generated some interesting reactions. Mervyn King (then executive director, later governor, of the Bank of England) sent me a letter of congratulations and strong encouragement. A more nuanced letter came from Steve Axilrod, who was the most powerful staff director at the US Federal Reserve Board and the right-hand man of Paul Volker, the Fed's chairman. While he thought it good for Japan to have someone of my ability in a key international position, he felt it might be even better for Japan if I remained at home. However I was supposed to take this message, at least I realised that all eyes would be on my performance.

This impression was confirmed several months after my return to the OECD, when the *Financial Times* reported on my reform efforts at the OECD with the headline "Think-tank operator seeks a refill of ideas". Even the main picture was of me.

Refill and reform I did, with positive results. In 1994 Secretary-General Paye passed on very favourable comments

on the department's recent work from senior officials of the UK treasury who had been most critical of its past performance. Our Economic Policy Committee's work had been "dramatically transformed" and "very satisfactory", their memos proclaimed. They even went as far as to describe the WP3 as "the best-prepared international meeting".

Now, outsiders may be able to hazard a guess at what the Economic Policy Committee does: as its name suggests, it monitors and reviews the economic and financial situation and policies of OECD and partner countries, in line with the organisation's objectives. But it is much harder to understand the value of work done at the highly confidential WP3. Yet as a body that watches over policy impacts on balance of payments, not only does it have global influence, it also attracts top people. To be effective, those people need to know each other, speak candidly off the record and express their own opinions. Restoring that sense of personal contact at WP3 was a goal I set. The late Sir Andrew Crockett, who was the general manager of the Bank for International Settlements (BIS), wrote in 2011: "(I)n the end, what one remembers of a two-decade hitch with WP3 is not so much the policy issues (after all, these discussions were going on in multiple other fora as well). It is the individuals, and the sense of camaraderie that builds up as economists responsible for policy issues put their trade at the service of public policy".

Different views

International economic policy co-operation can lead to unsatisfactory outcomes in the long run, as Japan once found out to its cost and to the cost of some of its trading partners too.

Allan Meltzer noted: "Japanese policymakers in the second half of the 1980s changed from a credible policy of maintaining low inflation to an exchange rate target at a time of deregulation. The new policy financed the so-called 'bubble economy'".

This occurred despite the OECD warning in its November 1986 report on Japan that “further relaxation (of monetary policy) may risk excessive monetary growth”. But the Bank of Japan ignored its message and

Good judgement and communication help political leaders implement policies and convince electorates of their benefits

reduced its discount rate further to 2.5% on 1 November 1986. It did this ostensibly to contribute to exchange rate stability and to promote domestic demand-led economic growth, while reducing Japan’s current account surplus. In reality, the Japanese central bank was at that time under the control of the Finance Ministry under an archaic law dating from wartime.

The result was a major bubble in the late 1980s, which burst in 1991, causing a protracted downturn that cost Japan and its trade partners dearly. My argument as OECD chief economist during most of this phase, particularly strongly expressed in the 1994-95 period of the yen’s sharp appreciation and later, was that an effective way to jump-start the Japanese economy would be an aggressive easing of domestic monetary conditions to ward off a deflationary spiral; but if nominal short-term interest rates fell towards 0%, causing a liquidity trap (this is known as the “zero lower-bound problem”) it would be essential for an open economy facing recession to resort to another effective stimulative mechanism, namely a package of measures including currency depreciation and growth enhancing structural reform with further opening of domestic markets, if at all possible, with the understanding and support of its trade partners. Japan’s nominal interest rates did approach zero in the late 1990s, but my policy advice did not find favour in Japan or the US at the time. Yet today it is essentially the first and the third of the three pillars of the so-called “Abenomics” announced in November 2012 by Prime Minister Shinzo Abe, who was then leader of the opposition Liberal Democratic Party.

More recently, the outbreak of the global financial and economic crisis has revealed weaknesses in global as well as regional frameworks. Indeed, neither global surveillance by international institutions such as the International Monetary Fund (IMF) and the OECD, nor regional surveillance by the European Commission, proved to be effective. These disappointing policy experiences demonstrate that delayed policy adaptation to changing conditions is costly, and that what is needed is flexible and smooth immediate adjustment. They also underline the importance of good judgement and communication in helping political leaders and senior officials not only to implement timely policies, but to convince their electorates of the benefits.

Japan can still draw lessons from this. Though its economy appears to be improving, there is still uncertainty ahead, both at home and in neighbouring markets. Let’s hope policy can adapt quickly as circumstances change again.

* Kumiharu Shigehara’s career at the OECD spanned 30 years, from 1970 when he joined as an economist to 1999 when he was deputy secretary-general. For a brief interlude (1989-92) Mr Shigehara was the Bank of Japan’s chief economist and head of the Institute for Monetary and Economic Studies.

References

- Marsh, David (1993), “Think-tank operator seeks a refill of ideas”, *Financial Times*, 5 March.
- Crockett, Andrew (2011), “WP3: High-level policy making in a stimulating forum”, in The OECD at 50, OECD.
- Financial Times*, (1992), “Japan’s turn”, 22 January.
- Meltzer, Allan (1993), “Commentary on the Role of Judgment and Discretion in the Conduct of Monetary Policy”, in *Changing Capital Markets: Implications for Monetary Policy*, Federal Reserve Bank of Kansas City.
- OECD (1986), *Economic Surveys: Japan*.
- Shigehara, Kumiharu (2011), “Testimony” in “Decision-making process about Japanese economic policy during the periods of bubbles and deflation”, *The Economic and Social Research Institute of the Cabinet Office of the Japanese Government*, http://www.esri.go.jp/jp/archive/sbubble/history/history_03/analysis_03_02_13.pdf.
- Shigehara, Kumiharu (2009), “Japan’s demand management and yen rate in the global crisis”, *The Japan Times*, 2 November.
- Shigehara, Kumiharu (2009), “Central banks experimenting to counter deflationary pressure”, *The Japan Times*, 3 November.
- Shigehara, Kumiharu (2008), “Japan’s monetary authorities must act aggressively”, *Financial Times*, 25 November.
- Shigehara, Kumiharu (2003), “A global solution needed to deal with the Japan problem”, *Financial Times*, 2 April.



Policy makers

Want to stay ahead of today’s global challenges?

Read the OECD Observer

Since 1962

Subscribe using order form page 40 or www.oecdobserver.org/subscribe

Serving a new world

Seiichiro Noboru, former Ambassador, Permanent Delegation of Japan to the OECD



© Rights Reserved

Hearing that it is 50 years since Japan became a member of the OECD evokes deep emotions in me. During that time, I worked twice in the Permanent Delegation of Japan to the OECD, over a total of six and a half years, and the 50-year period following Japan's accession was also a time of both development and stagnation for the Japanese economy. During the first 30 years, Japan learned a great deal from the OECD, and its economy developed

considerably. During the last 20 years, with Japan drawing less from the OECD, the country stagnated. The OECD remains the most important international body associated with economic and social issues in general, and also the world's biggest think tank, so both Japan and the wider world should be wise enough to make full use of it.

Until Japan became a member in 1964, there had only been 20 member countries in the OECD, namely Canada, the US and Europe's developed economies. The number of members subsequently increased to the current 34, and almost all of the new members are relatively small countries from Europe and Latin America. I understand that this is also the case with two countries currently in accession discussions. But is this really the direction in which the OECD should develop? Not in my view, since this does not take into account the current dynamic of the

global economy. In 1964, the GDP of Asian countries amounted to only 15% of global GDP, but this figure has now risen to almost 30%, and will soon grow to a level that rivals the US and the EU. The policies of an OECD that fails to incorporate more Asian nations into its fold will have only a limited impact.

Previously, the G7 and G8 summits played the leading role in setting out the direction of the global economy, and the OECD ministerial meetings played a part in the preparations for these summits. Now, however, the presence and role of the G20 is supplanting that of the G8. This is because the members of the

The OECD is at a crossroads

G20 include the BRIICS countries (Brazil, Russia, India, Indonesia, China and South Africa), among which are important Asian giants. Furthermore, the G20 does not have a permanent secretariat; instead, the host countries perform the function of secretariat on a rotating basis. But as topics become ever more complex, there are limits to their efficiency in this respect. The OECD would be ideally suited to the role of G20 secretariat. To achieve this, first the BRIICS and ASEAN countries would need to gain OECD membership. This is the direction in which the OECD should expand, and this is set out in "A Strategy for Enlargement and Outreach" (the so-called Noboru Report), which was approved at the OECD Ministerial Council Meeting of 2004.

This year's OECD Ministerial Council Meeting will be chaired by Prime Minister Shinzo Abe. This should be an excellent opportunity for Japan to demonstrate leadership in development of the global economy through the activities of the OECD. Since 2011, we have been observing an increasing presence of prime ministers and leaders in OECD ministerial meetings, which is fitting, given that nowadays many international conferences including the UN, the North Atlantic Treaty Organization (NATO), the Asia-Pacific Economic Cooperation forum (APEC), the EU and the G20 involve meetings at the leadership level. Perhaps the OECD could also host a "summit" meeting, say, every second year in the future?

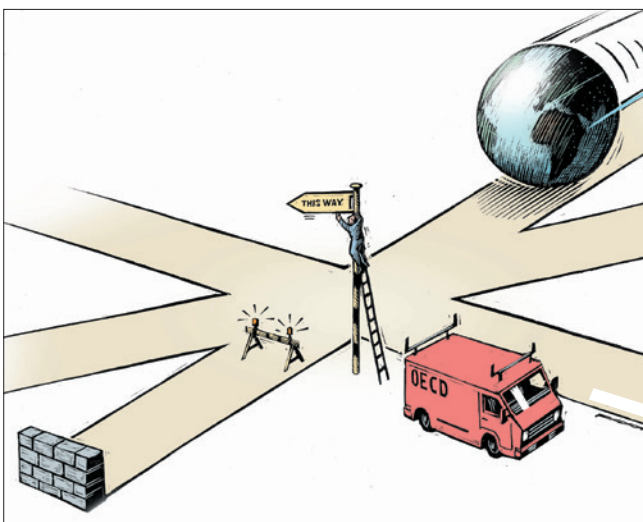
A little over 50 years since its inauguration, the OECD now stands at a crossroads. In order for it to develop further and truly serve the world, three things would in my view be desirable:

- 1) accession of the BRIICS and the leading Asian nations;
- 2) assumption of the G20 secretariat function; and
- 3) the hosting of regular summit meetings.

I am certain that this year's Ministerial Council Meeting will present an important opportunity for Japan to make a contribution to the world through the OECD as it celebrates 50 years of membership.

Visit www.oecd.org/mcm

Seiichiro Noboru was ambassador to the OECD from 2002 to 2005. The views expressed in this article are the author's alone.



Originally published in OECD Observer No. 236, March 2003

People at the OECD

Kaori Miyamoto



©Michael Dean/OECD

Hi, my name is Kaori Miyamoto, and I work as a senior policy analyst in the Development Co-operation Directorate, currently doing research on policies to mobilise private investment for developing countries. I joined the OECD in 1998 from the World Bank in Washington, DC. This makes me the longest serving Japanese staff member, with 16 years under my belt.

Though I was born in Osaka, I grew up and lived in many countries, including the UK, the US, Sri Lanka and Thailand. I have worked in several countries in Africa too, so I am comfortable with the multicultural environment of the OECD. I also highly value the knowledge sharing

and standard setting among developed countries in policy areas such as health, education, employment, tax, pension, gender, consumer issues and many more.

I believe that our countries as well as other global economies can learn from each other and improve their policies back home. In fact, I actually think that by facilitating an open and frank dialogue and co-operation among each other, the organisation not only helps improve people's lives, but contributes to peace and stability. In other words, our work can promote well-being and hopefully prevent a major world war from breaking out again.

Makoto Miyasako

I am Makoto Miyasako, and I work in Human Resources at the OECD. It has now been six years since I joined the organisation, which makes it the longest period I have spent in one place (school or work) since I was 20 years old. What I appreciate and enjoy most about working here is the capacity of the organisation to allow me continuously to learn and try out new things.

I joined the OECD in 2007 and am currently managing a team in charge of Talent Management and Human Capital strategies. Prior to the OECD, I worked for

UN agencies in New York and Copenhagen. I have an MBA from Wharton School where the majority of my classmates went into investment banking to make millions of dollars (I graduated pre-crisis). But I opted to work for international organisations, more specifically in the area of corporate management. There are always highs and lows in the workplace, but it is such a fascinating environment. I am surrounded by colleagues from different backgrounds, with differing viewpoints, all trying to achieve something positive together, even if it is not as easy to measure as a quarterly profit!



©Michael Dean/OECD



©Michael Dean/OECD

Kazuki Motohashi

Hi, my name is Kazuki Motohashi. Japan is celebrating its 50th anniversary as a member country, but I am perhaps one of the organisation's youngest and newest staffers. I started working in the Environment Directorate of the OECD as a trainee in January 2014. I am involved in policy issues related to water where there is a lively discussion going on about water resource management, financing and public-private partnerships in water, and more. It is an issue which concerns

everyone. I applied to the OECD from Japan because I felt I could contribute to better policies for all countries by working with people from diverse backgrounds to come up with good ideas, and solutions that work.

At the University of Tokyo I studied public policy, especially environmental and energy policy, and the OECD has been a great experience, not to mention a great opportunity for my future career.

Yumiko Murakami

My name is Yumiko Murakami and I joined the Tokyo Centre as head in 2013. I am a working mum, with three children. Before joining the OECD I spent 18 years in finance as an investment banker in London, New York and Tokyo. Upon finishing graduate school, before entering the business world, I worked in Cambodia as part of the United Nations Peacekeeping Operation. I am excited to be back in the public sector now and hope to make a difference by applying what I have learned as a business person to the current role.

I realise I could not have come to the OECD at a more exciting moment, with Japan celebrating its 50th anniversary of OECD membership amid a new mood of optimism in the country that many of us have not felt for a long time. More than ever, we are keen to show off the positives of this country, while keeping our feet on the ground and addressing the challenges that lie ahead. At the same time, I am proud to be part of the OECD team working at the interface between the organisation and its second largest member country.

The Tokyo Centre I manage is actively engaged in dialogue with a wide range of stakeholders in Japan and the rest

of Asia, in fields that span the entire OECD policy spectrum. The small and effective staff at the Tokyo Centre consists of both new members, who recently joined from the private sector, and old timers, who have been with the OECD for almost two decades. The OECD Tokyo Centre was established on 2 July 1973, nine years after Japan joined the OECD in 1964. Initially, the Tokyo Centre's activities were focused on marketing of OECD's publications. Today, we play a critical role as part of the Public Affairs and Communications Directorate in facilitating strategic discussions between the OECD's headquarters in Paris and Japan, as well as other countries in Asia, particularly Southeast Asia. We promote the OECD's value added, its role, solidarity in face of the difficult economic, social and environmental challenges that Japan confronts, and determination to work with all member countries to advance better policies for better lives.

We engage with parliamentarians, administrative officials and elected representatives, as well as business and labour leaders. The feedback is impressive, the energy positive. This is particularly the case when we talk to students of all ages, young people with a global outlook who are eager to help build a new, vibrant, open Japan. In honour of Japan's 50th anniversary at the OECD, the Tokyo Centre

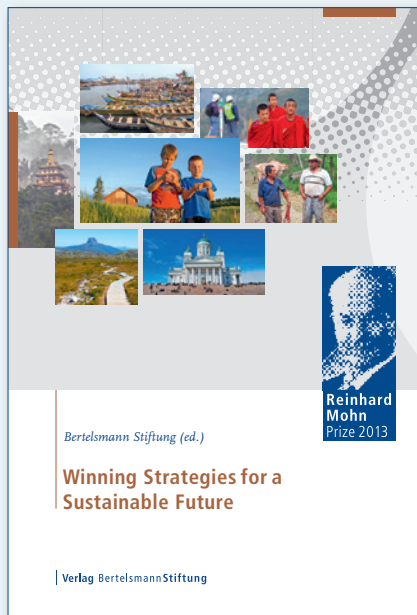


©Michael Dean/OECD

has planned many special events for 2014, including the launch of the OECD Student Ambassador Programme and a parliamentary league called "Friends of OECD". The Tokyo Centre has been an integral part of the planning and execution of this year's OECD Forum and Ministerial Council Meeting. Given the importance of Asia for the OECD and Japan, the Tokyo Centre will continue to forge relationships and make new connections with all key players in the regions for our OECD members and experts.



Winning Strategies for a Sustainable Future



Bertelsmann Stiftung (ed.)

Winning Strategies for a Sustainable Future

Reinhard Mohn Prize 2013

2013, 200 pp., paperback
EUR 20.00 / USD 26.00
ISBN 978-3-86793-491-6



available as e-book

Since the first Earth Summit held in Rio de Janeiro in 1992, many states have been looking for a new concept of economic and social progress. The environmental crises of the last years, as well as the global economic and financial crisis, require an even more profound shift in thinking – away from traditional concepts of growth and prosperity toward a policy committed to sustainability and intergenerational equity. But how can this goal be achieved? The publication for the Reinhard Mohn Prize 2013, “Winning Strategies for a Sustainable Future,” presents pioneering approaches from different continents. Bhutan, Costa Rica, Finland, Ghana and Tasmania are examples that show sustainability is feasible. These principles also open up new perspectives for Germany.

www.bertelsmann-stiftung.de/rmp2013_eng



Bertelsmann Stiftung (ed.)

Transformation Index BTI 2014

Political Management in International Comparison

January 2014, 136 pp., paperback
EUR 20.00 / USD 26.00
ISBN 978-3-86793-520-3



available as e-book

Based on comprehensive country reports and in collaboration with about 250 internationally recognized experts, the “Transformation Index BTI 2014” for the sixth time gives a detailed picture of the impact of reform strategies on democracy under the rule of law, a market economy anchored in principles of social justice and governance. The BTI provides significant impetus and information for the work of foreign and development policy stakeholders, academia and media, as well as for local democrats and reformers. Including descriptive graphics and overviews, the present volume summarizes the most important global and regional developments between 2011 and 2013.

www.bti-project.org

Recent speeches by Angel Gurría



©Osman Orsa/Reuters

For a complete list of speeches and statements, including those in French and other languages, go to www.oecd.org/about/secretary-general/publicationsdocuments/speeches

Japan 50th Anniversary Symposium

9 April 2014
Opening remarks

Enhancing Global Nuclear Safety

8 April 2014
Speech at seminar, Tokyo, Japan

OECD Tohoku School Address

7 April 2014
Speech honouring youth and a model for countries recovering from natural disaster

Global Forum on Public Governance: Women's Leadership in Public Life

4 April 2014
Closing remarks

Fostering Regional Competitiveness and Sharing the Benefits of Sustained Growth

26 March 2014
Remarks by Angel Gurría, OECD Secretary-General, delivered at the OECD Southeast Asia Regional Forum in Bali

China Go Global

24 March 2014
Speech in Beijing, People's Republic of China

Inclusive Growth and Urbanisation in China

24 March 2014
Remarks delivered at a joint OECD/NDRC seminar, Beijing, People's Republic of China

OECD Integrity Forum

19 March 2014
Closing remarks at the OECD Integrity Week 2014

Official visit to present the 2014 OECD Economic Survey of the Czech Republic

18 March 2014
Remarks delivered in Prague, Czech Republic

Mexico Week 2014 organised by the London School of Economics

13 March 2014
Keynote speech delivered in London, UK

Official visit to present the 2014 OECD Economic Survey of Poland

10 March 2014
Remarks delivered in Warsaw, Poland

Official visit to present the 2014 OECD Economic Survey of Norway

5 March 2014
Remarks delivered in Oslo, Norway

Global Forum Spain "Spain: from Stability to Growth"

3 March 2014
Keynote speech on "Reforms in Europe: achievements and challenges." Bilbao, Spain

Launch of the OECD / Ford Foundation Workshop "Changing the Conversation on Growth: Going Inclusive"

25 February 2014
Remarks delivered in New York, United States

OECD Secretary-General at the G20 Meeting of Finance Ministers and Central Bank Governors

21 February 2014
Keynote speech at the Institute of International Finance (IIF) Conference on "Addressing Barriers to Infrastructure and Other Long-Term Investment; Ensuring Support for Trade Finance." Sydney, Australia

OECD Secretary-General presents the OECD report "Economic Challenges and Policy Recommendations for the Euro Area"

17 February 2014
Remarks at the OECD Seminar "The Euro area at a crossroads: Policies for growth, jobs and competitiveness." Brussels, Belgium

OECD Secretary-General presents the 2014 OECD Economic Survey of Finland

12 February 2014
Remarks delivered in Helsinki, Finland

European Competition Forum "The Internal Market and Beyond: challenges for a modern competition policy"

10 February 2014
Remarks delivered in Brussels, Belgium

Irish Prime Minister visits OECD with a delegation of ministers

7 February 2014
Remarks delivered on "Jobs and Recovery: Ireland after the bailout" at OECD H.Q., Paris, France

Visit by the Prime Minister of Norway to the OECD

3 February 2014
Remarks delivered at the OECD H.Q., Paris, France

World Economic Forum 2014, Davos

22 January 2014
Remarks delivered in different sessions and held bilateral meetings with officials from several countries attending the Forum

OECD Secretary-General presents the OECD Economic Survey of the Russian Federation

15 January 2014
Remarks delivered at the Gaidar Forum, Moscow, Russia

Mexico: the International Economic Context and the Importance of Structural Reforms Conference organised by the Instituto Tecnológico Autónomo de México

2 January 2014
Remarks delivered in Mexico

Calendar highlights

Please note that many of the OECD meetings mentioned are not open to the public or the media and are listed as a guide only. All meetings are in Paris unless otherwise stated. For a comprehensive list, see the OECD website at www.oecd.org/newsroom/upcomingevents, which is updated regularly.

MARCH

28-29 **International Summit on the Teaching Profession.** Encouraging governments and teacher organisations to share global best practices to create a stronger teaching profession. Wellington, New Zealand.

APRIL

1 Launch of: **PISA 2012 Results: Skills for Life: Student Performance in Problem Solving (Volume V).**

3 **ECB Governing Council Meeting.** Frankfurt, Germany.

2-4 **OECD Global Forum on Public Governance: "Women in Government and Public Policies: Fostering Diversity for Inclusive Growth".** OECD H.Q., Paris, France.

9 Launch of: **OECD Telecommunication Review of Colombia.** Bogota, Colombia.

10 Launch of: **Environmental Performance Review of Colombia.** Bogota, Colombia.

16 Launch of: **Ageing and Employment Policies: Netherlands 2014.**

23-25 **10th Annual Meeting of the OECD LEED Forum on Partnerships and Local Development.** Stockholm, Sweden.

MAY

5-6 **OECD Forum 2014.** OECD Conference Centre, Paris, France.

6-7 **Annual OECD Ministerial Council Meeting.** OECD Conference Centre, Paris

21-23 **International Transport Forum Annual Summit 2014.** Leipzig, Germany.

JUNE

11 **4th Annual High-Level Anti-Corruption Conference for G20 Governments and Business.** Rome, Italy.

25-26 Launch of the 2013 results of the **OECD Teaching and Learning International Survey (TALIS): How to Best Shape Teacher Policies? Policy lessons from international comparisons.** Tokyo, Japan.

26-27 **2nd Global Forum on Responsible Business Conduct.** OECD H.Q., Paris, France.

30 **VI International Economic Forum Latin America and the Caribbean.** Ministry of Economy and Finance of France. Paris, France.

30 **Joint EU-LAC Foundation-OECD Development Centre Meeting.** Paris, France.

JULY

1 Launch of: **Perspectives on Global Development 2014.** Development Week. Paris.

1 **2nd Development Centre High Level Meeting (HLM).** Paris, France.

2 OECD holds its 6th annual **Global Forum on Development (GFD).** Development Week.

14-25 **International Summer School** for co-operation and local development, 2014 Edition. Trento, Italy.

SEPTEMBER

2 Statistics release: **Consumer Price Indices.**

6-8 **Global Economic Symposium.** Kuala Lumpur, Malaysia.

9 Statistics release: **Harmonised Unemployment Rates.**

30 Statistics release: **Consumer Price Indices.**

OCTOBER

2-3 **Global Forum on the Knowledge Economy.** Tokyo.

NOVEMBER

15-16 **G20 Summit,** Brisbane, Australia

Frankie.org by Stik



Getting the forecast wrong



©Brendan McDermid/REUTERS

When the worst crisis in over 50 years struck OECD countries in 2008, people rightly asked why they had not been warned. After all, the information world is awash with economists, global traders and other experts watching the markets, and international organisations such as the OECD and the IMF are tasked with what is known as economic surveillance. Yet, as the former OECD chief economist, Klaus Schmidt-Hebbel, wrote in the *OECD Observer* (No 269 October 2008), Lehman Brothers' collapse came as a shock to

economists and market participants as well. How did they all get it so wrong?

To be fair, some experts, including at the OECD, warned about the dangers of property bubbles, and the risk of the subprime turmoil spreading to other asset classes. But in the final analysis, the OECD moved with the consensus: that the situation was not as bad as it seemed.

This working paper assesses the OECD's projections for GDP growth and inflation since the start of the global financial crisis, and asks what went wrong and what lessons can be learned. The authors find that OECD projections repeatedly over-estimated growth, failing to anticipate the extent of the slowdown and later the weak pace of the recovery—errors, the authors point out, which were made by many other forecasters. At the same time, inflation was generally stronger than expected. Analysis of the growth

errors shows that the OECD projections in the crisis years were larger in countries with more international trade openness and greater presence of foreign banks. The repeated assumption that the euro area crisis would stabilise or ease played an important role in overly optimistic recovery projections, with growth weaker than projected in European countries where bond spreads were higher than had been assumed. Similar-sized errors were made in the first oil price shock of the 1970s, the authors say. Still, the OECD and other international organisations have sought to improve their forecasting techniques and procedures, including paying closer attention to near-term developments, international linkages and financial markets.

Pain, N. et al. (2014), "OECD Forecasts During and After the Financial Crisis: A Post Mortem", OECD Economics Department Working Papers, No. 1107, OECD Publishing.

See www.oecd-ilibrary.org/economics/

Information against tax dodging



The Tax Justice Network claims that US\$21-32 trillion are stashed offshore—the equivalent of the combined GDP of the US and Japan. That only concerns tax havens, and does

not include tax evasion or other forms of tax avoidance. The OECD believes that this can be tackled in part through the systematic and periodic transmission of "bulk" taxpayer information collected by the source country to the country of residence concerning income from dividends, interest, royalties, salaries, pensions, and so on. This so-called automatic exchange of information seems to work: Denmark helped 440 of its citizens to remember their foreign income after the tax administration sent them a

letter announcing that it received such information from abroad.

More than 40 countries have committed to early adoption of the Standard for Automatic Exchange of Financial Account Information, published in February, committing tax jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions annually. The report sets out what information has to be exchanged, the financial institutions that need to file information, the different types of accounts and taxpayers covered, as well as common due diligence procedures to be followed by financial institutions (verifying the address of account holders for instance).

To deter dodging the exchange, the financial information to be reported includes all types of investment income, account balances and revenue from

selling financial assets. A wide range of financial institutions apart from banks have to report too, including brokers, certain insurance companies, and certain so-called collective investment vehicles—funds that pool money from a number of accounts. The new standard also requires those signing it to look beyond "passive entities" to report on the individuals that ultimately control the money from behind the screen of entities set up to hide where the money is actually going.

The advantages of standardisation are simplification, more effectiveness and lower costs for all stakeholders concerned. Except tax evaders, that is.

Adapted from www.oecdinsights.org

Standard for Automatic Exchange of Financial Account Information: Common Reporting Standard is available online at <http://www.oecd.org/ctp/exchange-of-tax-information/Automatic-Exchange-Financial-Account-Information-Common-Reporting-Standard.pdf>

Focus on Japan

All publications available at www.oecd.org/bookshop and www.oecd-iLibrary.org



OECD Economic Outlook, Volume 2013, Issue 2

OECD's twice-yearly analysis of the major economic trends and prospects for the next two years includes a chapter on Japan.

ISBN 978-92-64-20097-5, December 2013, 300 pages
€102 \$147 £91 ¥12 200



OECD Economic Surveys: Japan 2013

OECD's 2013 Economic Survey of Japan examines recent economic developments, policies and prospects. The

special chapter is titled From Tragedy to Revitalisation.

ISBN 978-92-64-18291-2, April 2013, 123 pages
€45 \$63 £40 ¥5 800



Education at a Glance 2013: OECD Indicators

OECD's statistical annual that provides data on the structure, finances and performance of education systems

in more than 40 countries, including Japan. A Japanese version is available from Akashi Shoten Co., Ltd.

ISBN 978-92-64-20104-0, June 2013, 440 pages
€80 \$112 £72 ¥10 400



Global Forum on Transparency and Exchange of Information for Tax Purposes Peer Reviews: Japan 2013: Combined: Phase 1 + Phase 2,

incorporating Phase 2 ratings

This review assesses the extent to which Japan meets international standards regarding transparency and exchange of information in tax matters.

ISBN 978-92-64-20575-8, December 2013, 114 pages
€36 \$50 £32 ¥4 600



Addressing Base Erosion and Profit Shifting

This report presents studies and data available regarding the existence and magnitude of base erosion and profit shifting (BEPS), and

contains an overview of global developments that have an impact on corporate tax matters. A Japanese translation is available on the OECD iLibrary.

ISBN 978-92-64-19265-2, February 2013, 88 pages
€24 \$33 £21 ¥3 100



Green Growth in Kitakyushu, Japan

This report studies green growth trends, challenges and opportunities in the city of Kitakyushu, Japan. A Japanese version is available.

ISBN 978-92-64-19488-5, May 2013, 128 pages
€30 \$42 £27 ¥3 900

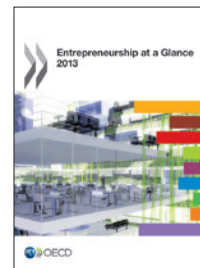


Government at a Glance 2013

This book provides a dashboard of indicators covering finance and budgeting, employment and pay, women in government, public

procurement, openness of government, and quality of government services. A Japanese version of the 2011 edition is available from Akashi Shoten Co., Ltd.

ISBN 978-92-64-20132-3, November 2013, 196 pages
€45 \$63 £40 ¥5 800



Entrepreneurship at a Glance 2013

This book provides a selection of indicators showing the state of entrepreneurship in OECD countries. It covers enterprise creation and

survival, enterprise size, employment, value added, productivity and employment creation, and more. A Japanese version of the 2011 edition is available from Akashi Shoten Co., Ltd.

ISBN 978-92-64-18385-8, August 2013, 104 pages
€45 \$63 £40 ¥5 800



Society at a Glance 2014

OECD's compilation of indicators on social well-being in OECD countries as well as Brazil, China, India, Indonesia, Russia and South Africa.

It covers such topics as household income, families, old age support rate, education spending and student performance, income inequality, poverty, social spending, and more. A Japanese version of the 2009 edition is available from Akashi Shoten Co., Ltd.

ISBN 978-92-64-20072-2, February 2014, 145 pages
€35 \$49 £31 ¥4 500

Current bestsellers

All publications available at www.oecd.org/bookshop
and www.OECD-iLibrary.org

OECD Economic Outlook, Volume 2014 Issue 1

OECD's twice-yearly analysis of the major economic trends and prospects for the next two years.

ISBN 978-92-64-20466-9, June 2014, 300 pages
€104 \$151 £93 ¥12 500

African Economic Outlook 2014: Global Value Chains and Africa's Industrialisation

Analyses Africa's growing role in the world economy and predicts the continent's prospects for the next two years.

ISBN 978-92-64-20940-4, May 2014, 360 pages
€65 \$91 £59 ¥8 400



OECD Sovereign Borrowing Outlook 2014

Provides regular updates of trends and developments associated with sovereign borrowing requirements and debt levels from the

perspective of public debt managers.

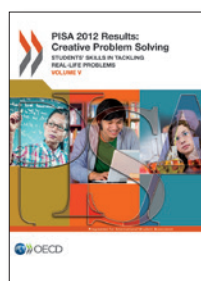
ISBN 978-92-64-20416-4, April 2014, 150 pages
€40 \$56 £36 ¥5 200



Women, Government and Policy Making in OECD Countries: Fostering Diversity for Inclusive Growth

Provides comparative data and policy benchmarks on women's access to public leadership and inclusive gender-responsive policy-making across OECD countries.

ISBN 978-92-64-21070-7, April 2014, 188 pages
€50 \$70 £45 ¥6 500

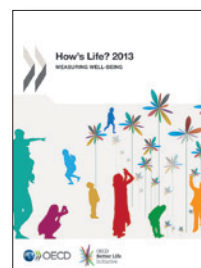


PISA 2012 Results, Volume V: Creative Problem Solving: Students' Skills in Tackling Real-Life Problems

Presents an assessment of student

performance in problem solving, which measures students' capacity to respond to non-routine situations.

ISBN 978-92-64-20806-3, April 2014, 252 pages
€50 \$70 £45 ¥6 500



How's Life? 2013: Measuring Well-Being

Provides a statistical update on issues that shape people's lives and well-being: income, jobs, housing, health, education, social connections, governance, environment, personal security and subjective well-being.

ISBN 978-92-64-20074-6, November 2013, 212 pages
€35 \$49 £31 ¥4 500



Health at a Glance 2013: OECD Indicators

Provides the latest comparable data on different aspects of the performance of health systems in OECD countries.

ISBN 978-92-64-20071-5, December 2013, 212 pages
€35 \$49 £31 ¥4 500

All publications listed on these pages are available at

www.oecd.org/bookshop

and

www.oecd-ilibrary.org

A list of OECD publications distributors in various countries
is available at

www.oecd.org/publishing/distributors

A list of institutions subscribing to the OECD iLibrary is available
at

www.oecd.org/publishing/oecdilibrarysubscribers

New publications

All publications available at www.oecd.org/bookshop
and www.OECD-iLibrary.org

ECONOMICS

OECD Economic Surveys: Czech Republic 2014

ISBN 978-92-64-20679-3, April 2014, 120 pages
€46 \$64 £40 ¥5 900



OECD Economic Surveys: Euro Area 2014

ISBN 978-92-64-20688-5, April 2014, 65 pages
€46 \$64 £40 ¥5 900

OECD Economic Surveys: European Union 2014

ISBN 978-92-64-20680-9, April 2014, 70 pages
€46 \$64 £40 ¥5 900

National Accounts of OECD Countries, Financial Accounts 2013

ISBN 978-92-64-20972-5, April 2014, 333 pages
€95 \$133 £85 ¥12 300

National Accounts of OECD Countries, Financial Balance Sheets 2013

ISBN 978-92-64-20976-3, May 2014, 310 pages
€95 \$133 £85 ¥12 300

National Accounts of OECD Countries, General Government Accounts 2013

ISBN 978-92-64-20989-3, June 2014, 260 pages
€95 \$133 £85 ¥12 300

National Accounts of OECD Countries, Volume 2014 Issue 1: Main Aggregates

ISBN 978-92-64-20980-0, May 2014, 180 pages
€60 \$84 £54 ¥7 800

National Accounts at a Glance 2014

ISBN 978-92-64-20682-3, April 2014, 139 pages
€40 \$56 £36 ¥5 200

AGRICULTURE & FISHERIES

Climate Change, Water and Agriculture: Towards Resilient Systems

ISBN 978-92-64-20912-1, June 2014, 95 pages
€30 \$42 £27 ¥3 900

DEVELOPMENT



Illicit Financial Flows from Developing Countries: Measuring OECD Responses

ISBN 978-92-64-20349-5, April 2014, 110 pages
€33 \$46 £29 ¥4 200

Better Policies for Development: Policy Coherence for Development and Illicit Financial Flows

ISBN 978-92-64-21031-8, May 2014, 60 pages
€24 \$34 £22 ¥3 100

OECD Development Co-operation Peer Reviews: Australia 2013

ISBN 978-92-64-20444-7, May 2014, 100 pages
€35 \$49 £31 ¥4 500

OECD Development Co-operation Peer Reviews: France 2013

ISBN 978-92-64-20443-0, May 2014, 120 pages
€35 \$49 £31 ¥4 500

OECD Development Co-operation Peer Reviews: Norway 2013

ISBN 978-92-64-20511-6, May 2014, 128 pages
€35 \$49 £31 ¥4 500

Making Development Co-operation

More Effective: 2014 Progress Report

ISBN 978-92-64-20929-9, April 2014, 120 pages
€36 \$51 £33 ¥4 600

Climate Resilience in Development Planning: Experiences in Colombia and Ethiopia

ISBN 978-92-64-20949-7, May 2014, 111 pages
€33 \$47 £30 ¥4 200

EDUCATION

PISA 2012 Results, Volume III: Ready to Learn: Students' Engagement, Drive and Self-Beliefs

ISBN 978-92-64-20116-3,
April 2014, 400 pages
€50 \$70 £45 ¥6 500

PISA 2012 Results, Volume IV: What Makes Schools Successful): Resources, Policies and Practices

ISBN 978-92-64-20114-9, March 2014, 544 pages
€50 \$70 £45 ¥6 500

Lessons from PISA for Korea

ISBN 978-92-64-19066-5, April 2014, 0 pages
€45 \$63 £40 ¥5 800



Lessons from PISA 2012 for the United States

ISBN 978-92-64-20757-8, April 2014, 104 pages
€36 \$50 £32 ¥4 600

A Skills beyond School Review of Egypt

ISBN 978-92-64-20963-3, May 2014, 70 pages
€24 \$34 £22 ¥3 100

A Skills beyond School Review of Israel

ISBN 978-92-64-21075-2, May 2014, 94 pages
€28 \$40 £26 ¥3 600

EMPLOYMENT

OECD Labour Force Statistics 2013

ISBN 978-92-64-21222-0, May 2014, 240 pages
€72 \$101 £65 ¥9 300

Ageing and Employment Policies: Netherlands 2014: Working Better with Age

ISBN 978-92-64-20814-8, April 2014, 140 pages
€40 \$56 £36 ¥5 200
Employment and Skills Strategies in the Czech Republic
ISBN 978-92-64-20896-4, May 2014, 91 pages
€24 \$34 £22 ¥3 100

Employment and Skills Strategies in Northern Ireland, United Kingdom

ISBN 978-92-64-20886-5, April 2014, 78 pages
€27 \$38 £25 ¥3 500

Follow OECD Publications on Facebook at <http://www.facebook.com/OECDPublications> 

Investing in Youth: Brazil

ISBN 978-92-64-20897-1, April 2014, 176 pages
€54 \$76 £49 ¥7 000

ENERGY

Energy Technology Perspectives 2014

ISBN 978-92-64-20800-1, April 2014, 300 pages
€150 \$210 £135 ¥19 500

ENVIRONMENT



Green Growth Indicators 2014

ISBN 978-92-64-20202-3, May 2014,
145 pages
€35 \$49 £31 ¥4 500

OECD Environmental Performance Reviews: Colombia 2014

ISBN 978-92-64-20828-5, April 2014, 234 pages
€57 \$79 £51 ¥7 400

FINANCE AND INVESTMENT



Financial Education for Youth: The Role of Schools

ISBN 978-92-64-17481-8, April 2014,
182 pages
€36 \$50 £32 ¥4 600

Risk Management and Corporate Governance

ISBN 978-92-64-20862-9, April 2014, 94 pages
€27 \$38 £25 ¥3 500

OECD Investment Policy Reviews: Botswana 2014:

ISBN 978-92-64-20335-8, April 2014, 133 pages
€40 \$56 £36 ¥5 200

OECD Insurance Statistics 2013

ISBN 978-92-64-20645-8, June 2014, 290 pages
€80 \$112 £72 ¥10 400

GOVERNANCE

Chile's Supreme Audit Institution: Enhancing Strategic Agility and Public Trust

ISBN 978-92-64-20687-8, April 2014, 250 pages
€75 \$105 £67 ¥9 700

OECD Integrity Review of Tunisia's Audit System: Managing Risk in Public Institutions

ISBN 978-92-64-20873-5, April 2014, 100 pages
€30 \$42 £27 ¥3 900

Regulatory Enforcement and Inspections

ISBN 978-92-64-20810-0, May 2014, 100 pages
€24 \$34 £22 ¥3 100

The Governance of Regulators

ISBN 978-92-64-20900-8, April 2014, 120 pages
€36 \$51 £33 ¥4 600

OECD Regulatory Compliance Cost Assessment Guidance

ISBN 978-92-64-20964-0, April 2014, 76 pages
€24 \$34 £22 ¥3 100

OECD Review of Telecommunication Policy and Regulation in Colombia

ISBN 978-92-64-20812-4, April 2014, 170 pages
€35 \$49 £31 ¥4 500

SCIENCE AND TECHNOLOGY



Making Innovation Policy Work: Learning from Experimentation

ISBN 978-92-64-18387-2, April 2014,
200 pages
€60 \$84 £54 ¥7 800

SOCIAL ISSUES, MIGRATION & HEALTH

OECD Reviews of Pension Systems: Ireland

ISBN 978-92-64-20879-7, April 2014, 155 pages
€46 \$65 £42 ¥5 900

OECD Reviews of Health Care Quality: Czech Republic 2014: Raising Standards

ISBN 978-92-64-20859-9, May 2014, 160 pages
€40 \$56 £36 ¥5 200

OECD Reviews of Health Care Quality: Norway 2014: Raising Standards

ISBN 978-92-64-20845-2, May 2014, 130 pages
€39 \$55 £36 ¥5 000

TAXATION

Taxing Wages 2014

ISBN 978-92-64-20916-9, May 2014, 590 pages
€165 \$231 £149 ¥21 400

Revenue Statistics in Asian Countries 2014: Trends in Indonesia and Malaysia

ISBN 978-92-64-21062-2, May 2014, 70 pages
€24 \$34 £22 ¥3 100

TRANSPORT

Expanding Airport Capacity in Large Urban Areas

ISBN 978-92-82-10738-6, May 2014, 160 pages
€60 \$84 £54 ¥7 800

URBAN, RURAL & REGIONAL DEVELOPMENT

Innovation and Modernising the Rural Economy

ISBN 978-92-64-20538-3, May 2014, 190 pages
€45 \$63 £40 ¥5 800

OECD Territorial Reviews: Netherlands 2014

ISBN 978-92-64-20951-0, April 2014, 280 pages
€84 \$118 £76 ¥10 900

FORTHCOMING

- OECD/FAO Agricultural Outlook 2014
- Agricultural Policy: Monitoring and Evaluation 2014: OECD Countries
- The Cost of Air Pollution: Health Impacts of Road Transport
- Development Co-operation Report 2014
- Education at a Glance 2014
- Government at a Glance: Latin America and the Caribbean 2014
- OECD Economic Surveys: Netherlands 2014
- OECD Employment Outlook 2014
- Entrepreneurship at a Glance 2014
- OECD Factbook 2014
- OECD Model Tax Convention: Condensed Version 2014
- Perspectives on Global Development 2014
- PISA 2012 Results, Volume VI: Financial Literacy
- OECD Science, Technology and Industry Outlook 2014

Innovating and decongesting Japan's airports



©Yuuya Shino/REUTERS

Expanding airport capacity in large metropolitan areas is difficult, and Japan is a case in point. Some 33 million people (26% of total) and 17 million (13% of total) live in Greater Tokyo and Greater Osaka respectively. According to some sources, Tokyo-Yokohama is the largest urban area in the world and Osaka-Kobe-Kyoto the 12th largest.

Little wonder therefore that secondary airports had to be built after the older airports, Haneda (built just 15 km as the crow flies from Tokyo central station in 1931) and Itami in Osaka, reached capacity and noisy irritants to local populations. As a result, strong public pressure required

the newer airports, Narita and Kansai, to be built far from city centres. Narita was opened in 1978 despite local resistance from residents and environmental groups. Kansai ran into environmental issues too, and was finally built at high cost on reclaimed land in Osaka Bay some 47km by rail from the city's central business district. Built with private and public funds, it opened in 1994 but did not become a fully-fledged international hub until 2007.

These new airports required extensive investment in surface transport links to their distant city centres. Experts argue that the transport links were poorly

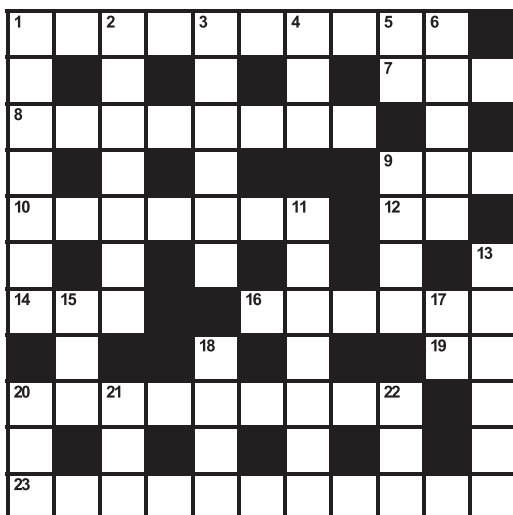
planned, and are costly and time-consuming to the traveller. Advocates, on the other hand, argue that the planning was as good as could be expected considering the tremendous urban growth and demand for air transport arose simultaneously; it was impossible to plan ahead of time. Currently, Tokyo's two airports accommodate approximately 100 million passengers annually, comparable to airports in London and New York.

This discussion paper by the OECD and International Transport Forum discusses policies for future airport development in large urban areas, including open-ended "continuous improvement systems" to take advantage of improvements in aircraft and avionics technology. Stimulating competition among airports also serves as a catalyst to mobilise stakeholders to increase their airport's capacity and improve spatial and capacity planning.

Katsuhiko Yamaguchi (2013), "Evolution of Metropolitan Airports in Japan: Air Development in Tokyo and Osaka", OECD/ITF Joint Transport Research Centre Discussion Papers, No 2013/3, Paris Publishing. Available to read at www.oecd-ilibrary.org/transport/

Visit www.itf.org

OECD Observer Crossword No 1, 2014



Across

- 1 First OECD secretary-general
- 7 Compete (for)
- 8 This Japanese game consoles producer started out in the 19th century
- 9 Act passed in the US as a response to the financial recklessness behind the 2008 crisis, abbr.
- 10 Friendly understanding between powers
- 12 Ban-Ki-Moon is its secretary-general
- 14 Accounting term meaning up to this point of the financial year, for short
- 16 Japanese concept of continuous improvement of process
- 19 Symbol for an inert gas
- 20 Policy style of Japan's current PM
- 23 Slogan to get support for a cause

Down

- 1 President who inspired the idea of Japan being included as a member of OECD
- 2 Sparked
- 3 Connections
- 4 Silent approval
- 5 Green vehicle, for short
- 6 Japanese camera brand
- 9 Site of a 1956 crisis
- 11 OECD research showed tax ___ was a threat to government revenues
- 13 Global demand for it is increasing rapidly
- 15 Presentation divider
- 17 Former
- 18 Japanese electronics company
- 20 Publicise
- 21 Right-angled joint
- 22 US financial institution in the news re-taping

© Myles Mellor/OECD Observer

For Crossword solutions, see www.oecdobserver.org/crossword

Development aid rises, but not for sub-Saharan Africa

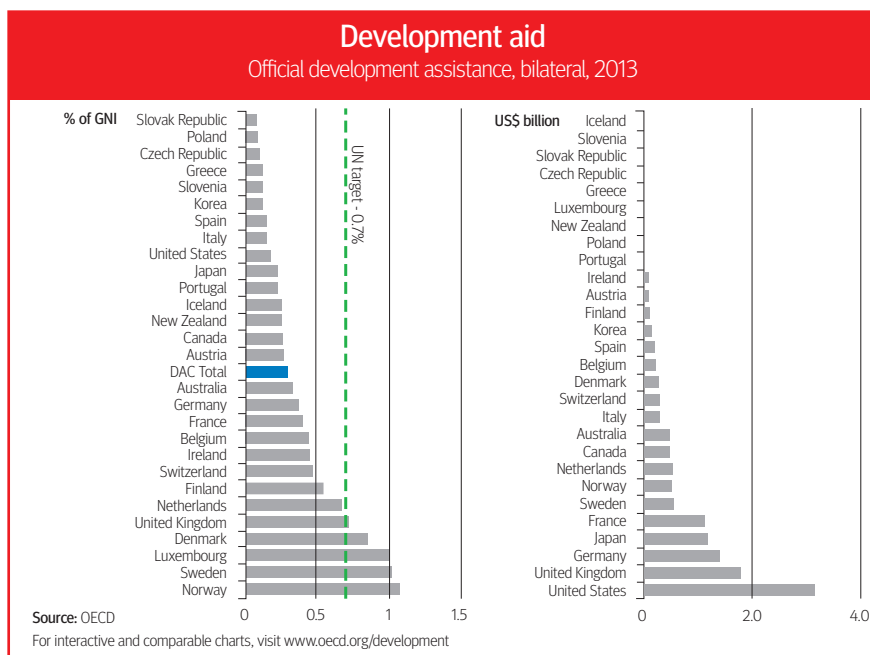
Development aid rose by 6.1% in real terms in 2013 to reach the highest level ever recorded, despite continued pressure on budgets in OECD countries since the global economic crisis. Donors provided a total of US\$134.8 billion in net official development assistance (ODA), marking a rebound after two years of falling volumes. Aid to developing countries had grown steadily in the decade to 2010, but fell in 2011-12 as austerity hit several government aid budgets.

Net ODA from OECD DAC countries stood at 0.3% of gross national income (GNI). Five countries met a longstanding UN recommendation for an ODA/GNI ratio of 0.7%, with the UK in particular reaching that target for the first time after an increase of ODA by 27.8%.

Within bilateral net ODA, total grants rose 7.7% in real terms, though by 3.5% if excluding debt forgiveness grants. Non-grant aid (including equity acquisitions) rose by about 33% in real terms from 2012.

What if Paris flooded?

The River Seine overflowing its banks is not an uncommon sight in Paris, as the winter catchment swells, causing water levels to rise and cover the lower banks, jetties and walkways. Apart from traffic caused by the occasional closure of a few expressways, there are few if any interruptions to daily life. The Seine has threatened worse once or twice in the past century, though the last catastrophic flood in 1910 is now the stuff of old black-and-white postcards and photo albums. Still, the risk remains, and if a flood were to occur, the damage to the city and its infrastructure would be considerable, a recent report warns. Over 5 million people would be affected, while the damage could be as much as €30 billion, affecting some 400,000 jobs in a worse-case scenario. Lives would also be at risk, as New York's



Bilateral net ODA to the Least Developed Countries (LDCs) rose by 12.3% in real terms to about \$30 billion. However, bilateral aid to sub-Saharan Africa was \$26.2 billion, a decrease of 4% in real terms from 2012. While global aid levels could

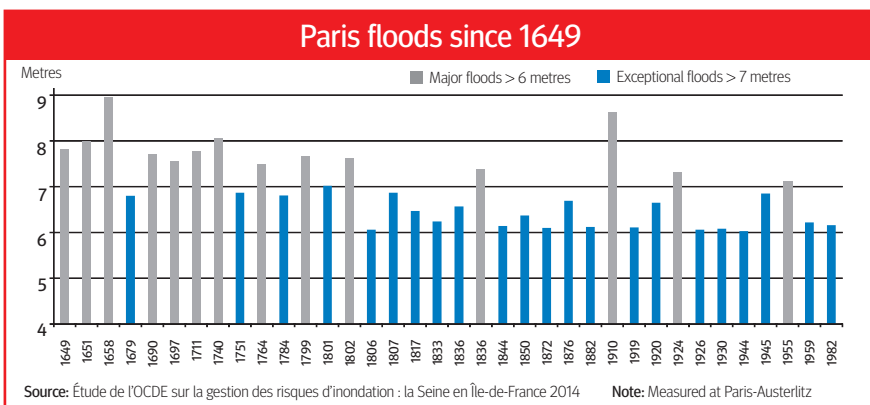
increase again in 2014, a trend of a falling share of aid going to the neediest sub-Saharan African countries looks likely to continue.

For more detail, see www.oecd.org/development

Hurricane Sandy sadly proved in 2012. Projects are under way in the Greater Paris area to improve flood defences, management and planning, and the report lists recommendations that could be taken on board. These include making sure insurance financing is up to the task, since a flood that knocked out Paris and

its suburbs would deal a major blow to the French economy, the report says.

OECD (forthcoming, 2014), *Seine Basin, Île-de-France, 2014: Resilience to Major Floods, Paris* (available online in French: Étude de l'OCDE sur la gestion des risques d'inondation : la Seine en Île-de-France 2014).



				% change from:				level:	
				previous period	previous year			current period	same period last year
	Australia	Gross domestic product	Q4-2013	0.8	2.8	Current balance	Q4-2013	-9.4	-175
		Industrial production	Q4-2013	1.2	2.8	Unemployment rate	Q4-2013	5.8	5.3
		Consumer price index	Q4-2013	0.8	2.7	Interest rate	Q4-2013	2.6	3.2
	Austria	Gross domestic product	Q4-2013	0.3	0.5	Current balance	Q3-2013	1.6	2.3
		Industrial production	Q4-2013	-1.1	-0.2	Unemployment rate	Q4-2013	5.0	4.6
		Consumer price index	Q4-2013	0.7	1.6	Interest rate	Q4-2013	0.2	0.2
	Belgium	Gross domestic product	Q4-2013	0.5	1.0	Current balance	Q3-2013	-0.3	-3.2
		Industrial production	Q4-2013	1.5	3.5	Unemployment rate	Q4-2013	8.5	8.3
		Consumer price index	Q4-2013	0.0	0.8	Interest rate	Q4-2013	0.2	0.2
	Canada	Gross domestic product	Q4-2013	0.7	2.7	Current balance	Q4-2013	-15.3	-14.8
		Industrial production	Q4-2013	1.5	2.9	Unemployment rate	Q4-2013	7.0	7.2
		Consumer price index	Q4-2013	-0.2	0.9	Interest rate	Q4-2013	1.2	1.2
	Chile	Gross domestic product	Q3-2013	1.3	4.7	Current balance	Q3-2013	-1.5	-3.0
		Industrial production	Q4-2013	0.8	-1.7	Unemployment rate	Q4-2013	6.1	6.6
		Consumer price index	Q4-2013	1.0	2.3	Interest rate	Q4-2013	0.0	0.0
	Czech Republic	Gross domestic product	Q4-2013	1.9	1.3	Current balance	Q3-2013	-0.1	-1.3
		Industrial production	Q4-2013	0.6	6.5	Unemployment rate	Q4-2013	6.8	7.2
		Consumer price index	Q4-2013	-0.1	1.1	Interest rate	Q4-2013	0.4	0.6
	Denmark	Gross domestic product	Q4-2013	-0.5	0.6	Current balance	Q2-2013	6.1	5.0
		Industrial production	Q4-2013	-0.3	1.3	Unemployment rate	Q4-2013	7.0	7.3
		Consumer price index	Q4-2013	0.2	0.7	Interest rate	Q4-2013	0.3	0.3
	Estonia	Gross domestic product	Q4-2013	-0.1	0.2	Current balance	Q3-2013	-0.2	-0.1
		Industrial production	Q4-2013	-2.6	1.1	Unemployment rate	Q4-2013	..	9.6
		Consumer price index	Q4-2013	-0.8	1.5	Interest rate	Q4-2013	0.2	0.2
	Finland	Gross domestic product	Q4-2013	-0.3	-0.5	Current balance	Q4-2013	-1.4	-1.5
		Industrial production	Q4-2013	-0.7	-3.4	Unemployment rate	Q4-2013	8.3	7.9
		Consumer price index	Q4-2013	0.3	1.4	Interest rate	Q4-2013	0.2	0.2
	France	Gross domestic product	Q4-2013	0.3	0.8	Current balance	Q4-2013	-7.1	-10.6
		Industrial production	Q4-2013	0.3	0.7	Unemployment rate	Q4-2013	10.8	10.6
		Consumer price index	Q4-2013	0.0	0.6	Interest rate	Q4-2013	0.2	0.2
	Germany	Gross domestic product	Q4-2013	0.4	1.4	Current balance	Q4-2013	79.3	59.9
		Industrial production	Q4-2013	0.7	3.1	Unemployment rate	Q4-2013	5.1	5.4
		Consumer price index	Q4-2013	0.1	1.3	Interest rate	Q4-2013	0.2	0.2
	Greece	Gross domestic product		..	..	Current balance	Q4-2013	1.2	-0.9
		Industrial production	Q4-2013	-1.7	-3.7	Unemployment rate	Q3-2013	27.6	25.4
		Consumer price index	Q4-2013	0.5	-2.2	Interest rate	Q4-2013	0.2	0.2
	Hungary	Gross domestic product	Q4-2013	0.5	2.7	Current balance	Q3-2013	1.2	0.5
		Industrial production	Q4-2013	-0.1	5.5	Unemployment rate	Q4-2013	9.2	11.0
		Consumer price index	Q4-2013	-0.3	0.7	Interest rate	Q4-2013	3.3	0.0
	Iceland	Gross domestic product	Q4-2013	0.3	4.0	Current balance	Q4-2013	0.2	-0.1
		Industrial production	Q3-2013	3.7	-0.1	Unemployment rate	Q4-2013	5.5	5.7
		Consumer price index	Q4-2013	0.7	3.8	Interest rate	Q4-2013	6.2	6.1
	Ireland	Gross domestic product	Q3-2013	1.5	1.7	Current balance	Q3-2013	3.6	1.9
		Industrial production	Q4-2013	-2.1	-1.3	Unemployment rate	Q4-2013	12.2	14.3
		Consumer price index	Q4-2013	-0.4	0.2	Interest rate	Q4-2013	0.2	0.2
	Israel	Gross domestic product	Q4-2013	0.7	2.9	Current balance	Q3-2013	-0.4	0.7
		Industrial production	Q4-2013	4.7	1.2	Unemployment rate	Q4-2013	5.8	7.0
		Consumer price index	Q4-2013	0.1	1.9	Interest rate	Q4-2013	0.9	2.0
	Italy	Gross domestic product	Q4-2013	0.1	-0.8	Current balance	Q3-2013	7.5	-2.3
		Industrial production	Q4-2013	0.7	-0.3	Unemployment rate	Q4-2013	12.7	11.4
		Consumer price index	Q4-2013	-0.4	0.7	Interest rate	Q4-2013	0.2	0.2
	Japan	Gross domestic product	Q4-2013	0.2	2.5	Current balance	Q4-2013	-3.0	13.3
		Industrial production	Q4-2013	1.9	5.4	Unemployment rate	Q4-2013	3.9	4.2
		Consumer price index	Q4-2013	0.5	1.4	Interest rate	Q4-2013	0.2	0.3
	Korea	Gross domestic product	Q4-2013	0.9	4.0	Current balance	Q3-2013	17.6	13.2
		Industrial production	Q4-2013	2.0	0.7	Unemployment rate	Q4-2013	3.0	3.0
		Consumer price index	Q4-2013	0.0	1.1	Interest rate	Q4-2013	2.7	2.9
	Luxembourg	Gross domestic product	Q3-2013	0.2	2.8	Current balance	Q3-2013	0.8	1.7
		Industrial production	Q4-2013	7.0	5.4	Unemployment rate	Q4-2013	6.1	5.3
		Consumer price index	Q4-2013	0.4	1.3	Interest rate	Q4-2013	0.2	0.2
	Mexico	Gross domestic product	Q4-2013	0.2	0.6	Current balance	Q4-2013	-2.9	-5.0
		Industrial production	Q4-2013	-0.2	..	Unemployment rate	Q4-2013	4.8	5.0
		Consumer price index	Q4-2013	1.6	3.7	Interest rate	Q4-2013	3.9	4.9

			% change from:			level:			
			previous period	previous year		current period	same period last year		
	Netherlands	Gross domestic product	Q4-2013	0.7	0.8	Current balance	Q3-2013	21.9	18.2
		Industrial production	Q4-2013	0.3	0.7	Unemployment rate	Q4-2013	7.0	5.6
		Consumer price index	Q4-2013	-0.6	1.6	Interest rate	Q4-2013	0.2	0.2
	New Zealand	Gross domestic product	Q3-2013	1.1	3.1	Current balance	Q3-2013	-2.1	-1.7
		Industrial production	Q3-2013	0.2	0.5	Unemployment rate	Q4-2013	6.0	6.8
		Consumer price index	Q4-2013	0.1	1.6	Interest rate	Q4-2013	2.7	2.6
	Norway	Gross domestic product	Q4-2013	-0.2	1.3	Current balance	Q3-2013	14.0	17.1
		Industrial production	Q4-2013	-3.2	-4.0	Unemployment rate	Q4-2013	3.5	3.5
		Consumer price index	Q4-2013	0.5	2.3	Interest rate	Q4-2013	1.7	1.9
	Poland	Gross domestic product	Q4-2013	0.6	2.2	Current balance	Q3-2013	-1.7	-3.5
		Industrial production	Q4-2013	0.4	4.4	Unemployment rate	Q4-2013	10.1	10.4
		Consumer price index	Q4-2013	0.0	0.8	Interest rate	Q4-2013	2.7	4.4
	Portugal	Gross domestic product	Q4-2013	0.5	1.6	Current balance	Q3-2013	-0.6	-0.5
		Industrial production	Q4-2013	1.7	4.2	Unemployment rate	Q4-2013	15.4	17.0
		Consumer price index	Q4-2013	0.1	-0.1	Interest rate	Q4-2013	0.2	0.2
	Slovak Republic	Gross domestic product	Q4-2013	0.4	1.4	Current balance	Q3-2013	0.6	0.6
		Industrial production	Q4-2013	2.1	9.9	Unemployment rate	Q4-2013	14.0	14.3
		Consumer price index	Q4-2013	-0.2	0.5	Interest rate	Q4-2013	0.2	0.2
	Slovenia	Gross domestic product	Q4-2013	1.2	1.9	Current balance	Q4-2013	0.4	0.5
		Industrial production	Q4-2013	1.1	1.7	Unemployment rate	Q4-2013	9.9	9.5
		Consumer price index	Q4-2013	-0.1	1.1	Interest rate	Q4-2013	0.2	0.2
	Spain	Gross domestic product	Q4-2013	0.2	-0.2	Current balance	Q4-2013	8.4	8.3
		Industrial production	Q4-2013	-0.3	0.9	Unemployment rate	Q4-2013	26.1	26.1
		Consumer price index	Q4-2013	0.6	0.1	Interest rate	Q4-2013	0.2	0.2
	Sweden	Gross domestic product	Q4-2013	1.7	3.1	Current balance	Q3-2013	8.1	8.2
		Industrial production	Q4-2013	1.1	-2.7	Unemployment rate	Q4-2013	8.0	8.2
		Consumer price index	Q4-2013	0.1	0.1	Interest rate	Q4-2013	0.9	1.0
	Switzerland	Gross domestic product	Q4-2013	0.2	1.9	Current balance	Q3-2013	22.8	15.6
		Industrial production	Q3-2013	0.1	0.4	Unemployment rate	Q4-2013	4.1	4.4
		Consumer price index	Q4-2013	0.0	0.0	Interest rate	Q4-2013	0.0	0.0
	Turkey	Gross domestic product	Q3-2013	0.9	4.7	Current balance	Q4-2013	-16.1	-10.5
		Industrial production	Q4-2013	3.0	4.1	Unemployment rate	Q3-2013	9.1	8.1
		Consumer price index	Q4-2013	2.4	7.5	Interest rate	..	..	..
	United Kingdom	Gross domestic product	Q4-2013	0.7	2.7	Current balance	Q3-2013	-32.1	-22.2
		Industrial production	Q4-2013	0.5	2.3	Unemployment rate	Q4-2013	7.6	7.8
		Consumer price index	Q4-2013	0.6	2.1	Interest rate	Q4-2013	0.5	0.5
	United States	Gross domestic product	Q4-2013	0.6	2.5	Current balance	Q3-2013	-94.8	-106.7
		Industrial production	Q4-2013	1.3	3.3	Unemployment rate	Q4-2013	7.0	7.8
		Consumer price index	Q4-2013	-0.3	1.2	Interest rate	Q4-2013	0.0	0.2
	European Union	Gross domestic product	Q4-2013	0.4	1.1	Current balance	..	..	..
		Industrial production	Q4-2013	0.4	1.7	Unemployment rate	Q4-2013	12.0	11.8
		Consumer price index	Q4-2013	..	1.0	Interest rate	..	..	..
	Euro area	Gross domestic product	Q4-2013	0.3	0.5	Current balance	Q4-2012	51.7	17.2
		Industrial production	Q4-2013	0.3	1.4	Unemployment rate	Q4-2013	10.8	10.8
		Consumer price index	Q4-2013	..	0.8	Interest rate	..	..	..
Non-members									
	¹ Brazil	Gross domestic product	Q4-2013	0.7	2.0	Current balance	Q4-2013	-18.8	-18.0
		Industrial production	Q4-2013	-0.8	-0.2	Unemployment rate	..	..	..
		Consumer price index	Q4-2013	1.6	5.8	Interest rate	..	..	..
	¹ China	Gross domestic product	..	..	Current balance	Q2-2013	54.2	58.1	
		Industrial production	..	..	Unemployment rate	..	..	..
		Consumer price index	Q4-2013	0.8	2.9	Interest rate	Q4-2013	6.2	3.9
	¹ India	Gross domestic product	Q4-2013	1.0	4.5	Current balance	..	..
		Industrial production	Q4-2013	-1.6	-1.1	Unemployment rate	..	..
		Consumer price index	Q4-2013	1.8	10.6	Interest rate	..	..
	¹ Indonesia	Gross domestic product	Q4-2013	1.4	5.6	Current balance	Q4-2013	-3.5	-7.3
		Industrial production	..	..	Unemployment rate	..	..	..
		Consumer price index	Q4-2013	0.5	8.4	Interest rate	Q4-2013	7.3	5.7
	Russian Federation	Gross domestic product	Q3-2013	0.2	0.6	Current balance	..	..
		Industrial production	Q4-2013	0.8	1.0	Unemployment rate	..	..
		Consumer price index	Q4-2013	1.3	6.4	Interest rate	Q4-2013	7.3	7.5
	¹ South Africa	Gross domestic product	Q4-2013	0.9	2.1	Current balance	..	..
		Industrial production	..	..	Unemployment rate	..	..
		Consumer price index	Q4-2013	0.8	5.4	Interest rate	Q4-2013	5.1	5.0

Gross Domestic Product: Volume series; seasonally adjusted. **Leading Indicators:** A composite indicator based on other indicators of economic activity, which signals cyclical movements in industrial production from six to nine months in advance. **Consumer Price Index:** Measures changes in average retail prices of a fixed basket of goods and services. **Current Balance:** Billion US\$, seasonally adjusted. **Unemployment Rate:** % of civilian labour force, standardised unemployment rate; national definitions for Iceland, Mexico and Turkey; seasonally adjusted apart from Turkey. **Interest Rate:** Three months.

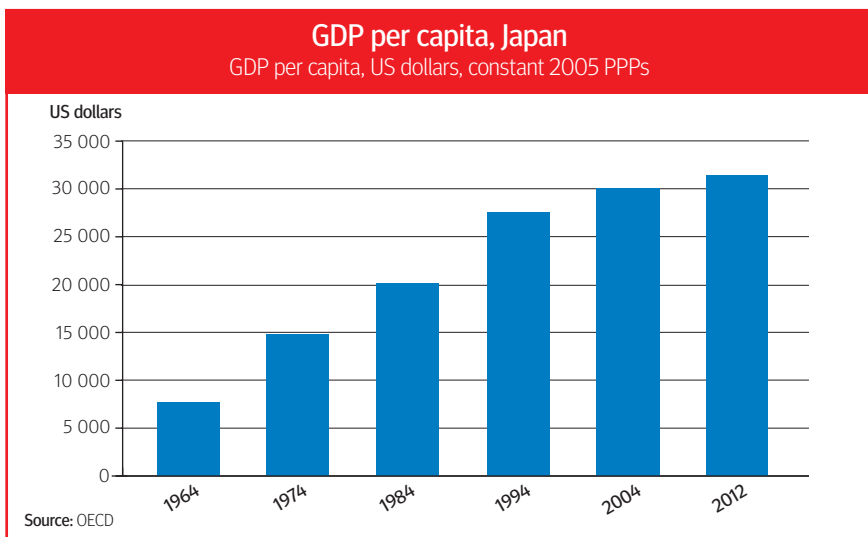
..=not available, ¹Key Partners.
The data for Euro area now cover 18 countries whereas in December they were only aggregated for 17 countries.
Source: *Main Economic Indicators*, March 2014.

An impressive comeback

While today Japan is one of the world's largest and most advanced economies, a member of the G7 and the most developed country in Asia, in 1964 the picture was quite different. That was the year Japan became a member of the OECD. It was also the year of the Tokyo Olympics and the inauguration of the bullet train. At the time, the country's GDP per capita was down around US\$8,000 in 2005 prices, considerably less than half that of the US.

In the 19th century, Japan was one of the world's largest economies, but the Second World War weakened the country's productive capacity. Major investments in human and physical capital in the 1950s and 1960s would spark a comeback.

In fact, despite suffering the 1973 oil crisis, GDP per capita had increased to some \$15,000 a decade after joining the OECD. The 1980s then marked a shift in Japan's economy away from manufactured goods and agriculture towards a highly knowledge-based economy that made



it a world leader in high technology. By 1990 GDP per capita was climbing towards \$27,000, nearly three-quarters that of the US. But large stock and property market bubbles eventually formed, and Japan has virtually stagnated since the 1990s. Nevertheless, the country remains the

OECD's second largest country and the world's third largest economy. Its GDP/capita in 2012 was some \$31,400, in constant 2005 dollars. That's an impressive leap since 1964, and a good reason to celebrate Japan's first 50 years at the OECD.

OECD OBSERVER ORDER FORM – SUBSCRIBE TODAY!

Yes, sign me up for 4 issues and my special OECD Forum edition.

€ 77
 US\$ 102
 £ 60
 ¥ 9 800

Yes, sign me up for 8 issues plus 2 OECD Forum specials and **save 30%!**

€ 107
 US\$ 146
 £ 86
 ¥ 14 300

You can order either online at www.oecd.org/bookshop or by mail at one of the addresses below

Name	
Telephone	Fax
Address	
Postcode, City and Country	

Organisation
Position held
E-mail
Date
Signature

Subscription will start with the next available issue. You will receive the English language edition unless you select the French - tick here

For customers in the US
 Turpin Distribution, The Bleachery, 143 West Street, New Milford, Connecticut 06776 USA
 Tel: (1) 800 456 6323 Fax: (1) 860 350 0039 Email: oecdna@turpin-distribution.com

For customers in the rest of the world
 Turpin Distribution Ltd., Stratton Business Park, Pegasus Drive, Biggleswade, Bedfordshire SG18 8QB, UK
 Tel: (44) 1767 604 960 Fax: (44) 1767 601 640 E-mail: oecdrow@turpin-distribution.com

Payment details

Cheque/money order enclosed (payable to "OECD")
 Please charge my VISA/MasterCard/American Express

TOTAL amount due	
Card number	Expiry date



Development matters.

Asian Development Bank Institute

Fresh thinking on growth and development
in Asia and the Pacific

adbi.org





TOYOTA DREAM CAR ART CONTEST

Traveling into tomorrow with a new generation of dreamers

The Toyota Dream Car art contest
invites children from all corners of the globe to share
their dream of the perfect car with us.
Children are our future; we at Toyota believe in
nurturing the creativity of the next generation
of great inventors, thinkers and dreamers.
Every great idea was born in the glimmer of a dream...

TOYOTA

http://www.toyota-global.com/events/dream_car_art_contest/

