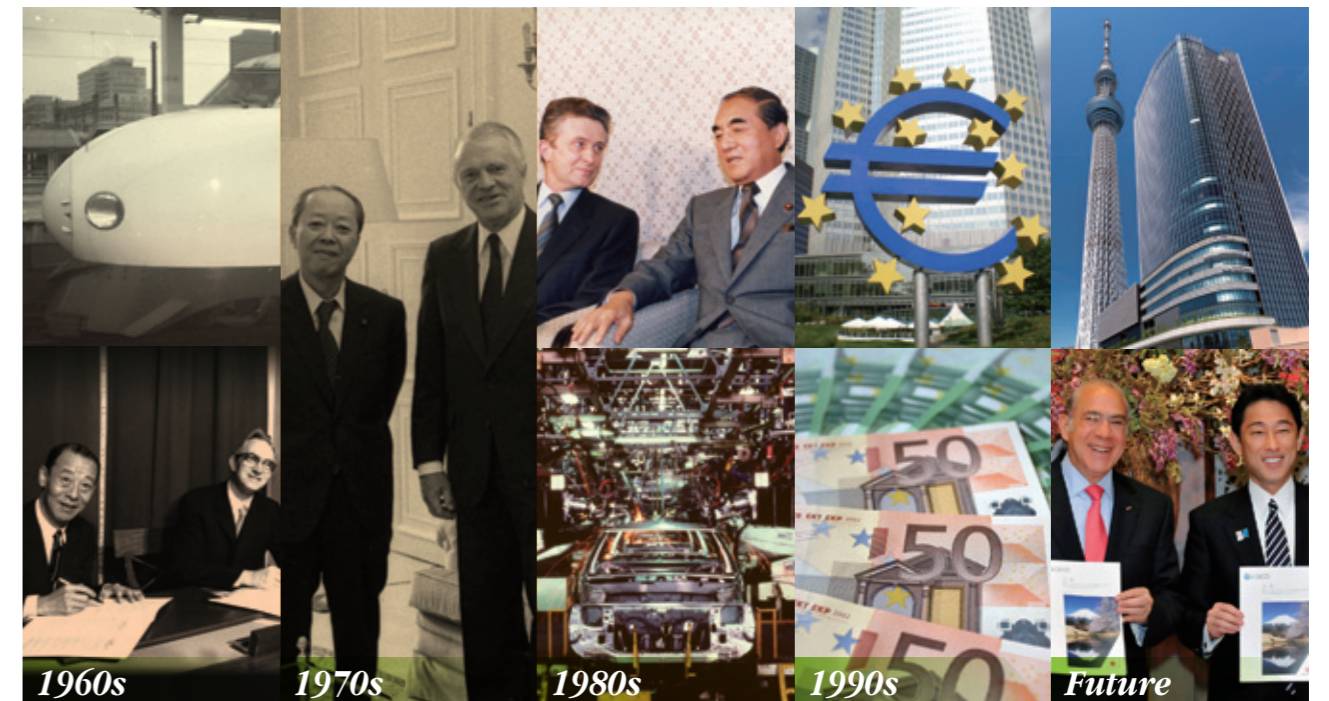




Japan's 50 years with the OECD





Japan's 50 years with the OECD

From the Post-war Period to the

The OECD has made a significant contribution to Japan's economic development during the last half century. Since joining the OECD as the first non-transatlantic new accession country in 1964, Japan has actively participated in the organisation and made the best use of its analyses and policy recommendations.

About the OECD

The OECD was established in 1961 with 20 member countries and, as of 2014, has 34 member countries with more than 1,200 experts. The OECD produces various analyses and policy recommendations in such areas as macroeconomic policy, regulatory and structural reform, trade and investment, environment, education, social policy and governance. The organisation has played a critical role in setting global standards in these areas. Over the years, the OECD has been making substantial contributions to other international fora including the G8 and G20.



UN Photo/MB

Joined the United Nations 1956

Signed the San Francisco Peace Treaty 1952

Japan

1948 OEEC established

The Organisation for European Economic Cooperation (OEEC) was established to run the US-financed Marshall Plan for reconstruction of the continent ravaged by World War II.



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Appointed as the Chair of the OECD Ministerial Council Meeting 1978

1973 Oil crisis occurred

Joined the OECD 1964

1961 OECD established



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Canada and the US joined the OEEC in signing the new OECD Convention on 14 December 1960. The OECD was officially established on 30 September, 1961 when the Convention entered into force.

Present and towards the Future



Foreign Minister Fumio Kishida expressed Japan's intention to be a candidate for the Chair of the 2014 OECD Ministerial Council Meeting. The Secretary General of the OECD, Mr. Angel Gurría, welcomed Japan's candidature.

Photo: Ministry of Foreign Affairs of Japan

Japan will chair the OECD Ministerial Council Meeting 2014

Abenomics promoted 2013

World

2008 Subprime mortgage crisis occurred

1999 Euro launched



Joined Asia-Pacific Economic Cooperation (APEC) as a founding member 1989

1989 Cold War ended



1985 Plaza Accord signed

1964 What OECD Membership Means to Japan

Japan joined the Development Assistance Group of the Organisation for European Economic Cooperation (OEEC) in 1960. In 1962, the visit to Europe by the then Prime Minister Hayato Ikeda and the then Foreign Minister Masayoshi Ohira increased momentum among member countries to support Japan's accession to the OECD. In 1963, the Council of the OECD agreed in principle on Japan's accession. On 28 April 1964, Japan deposited its instrument of accession and became the 21st member country of the OECD.

2014 Japan's Contributions for the Future

The year 2014 marks the 50th anniversary of Japan's accession to the OECD. Japan will chair the OECD Ministerial Council Meeting in this commemorative year for the first time since 1978. Taking this opportunity, Japan will further enhance its relation with and its contribution to the OECD based on its experience in economic and social development.

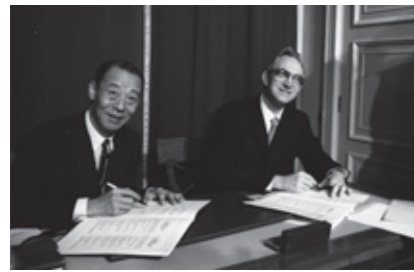
Japan's Economic Growth and Its Role in the World Economy

Fifty years have passed since Japan's accession to the OECD in 1964. economic development as well as Japan's own economic growth.

Japan's activities with the OECD have contributed to fostering global

Rapid Economic Growth of OECD Member Countries and Japan

Globalization of the Japanese Economy through Capital Liberalisation



© OECD PHOTO
Signing of the memorandum of understanding (MOU) for Japan's OECD membership (1963)

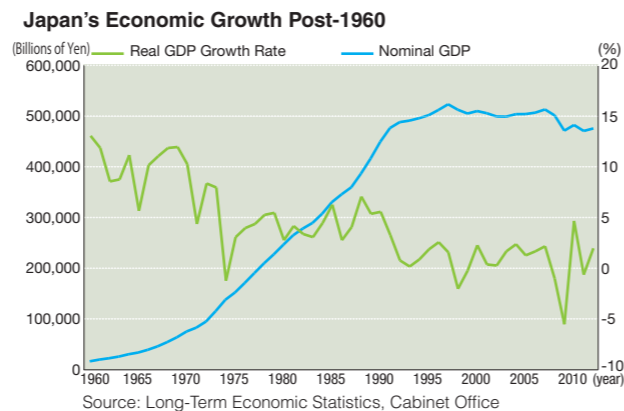
Following its accession to the OECD in 1964, Japan returned to the international economic community as a market economy. Through implementing various international rules and policy guidelines set forth by the OECD, Japan has established an open, transparent and environment-friendly socioeconomic system and expanded its international trade and investment.

In particular, Japan consistently liberalised its capital flows in accordance with the Code of Liberalisation of Capital Movements and the Code of Liberalisation of Current Invisible Operations, which Japan accepted upon accession to the OECD. This policy substantially propelled internationalisation and globalisation of the Japanese economy.

OECD Initiatives and Contribution to Japanese Policy-Making

In the environmental field, the "Polluter Pays Principle (PPP)" set forth by the OECD was introduced as a basic principle of pollution-related legislation in Japan. In the economic field, Japan has been making the best use of the OECD's Model Tax Convention on Income and on Capital to conclude conventions for the avoidance of double taxation with a number of countries. Japan has also actively promoted the

OECD Guidelines for Multinational Enterprises, which summarise the responsible conduct of multinational companies in a wide range of fields.



OECD Policy Dialogues and Analyses Making Impact on Japan's Policies

The OECD plays an important role as a forum for policy dialogues to develop better socioeconomic policies in member countries and enhance international harmonisation. The OECD has made a positive impact on Japan's domestic policies in diverse fields, including regulatory reform, through its analyses and reports such as the Economic Survey of Japan and Programme for International Student Assessment (PISA).

OECD Initiatives and Contribution on Japan

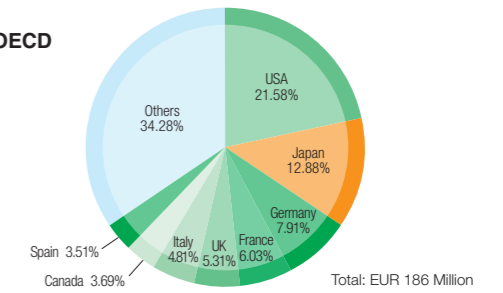
| | OECD Initiative | Action by Japan |
|---|--|---|
| Liberalisation of capital movements | Promoted the liberalisation of direct investment and capital transactions through the Code of Liberalisation of Capital Movements. | Revised Foreign Exchange and Foreign Trade Control Law. |
| Antipollution measures | Instituted the principle that the party responsible for pollution should be responsible for the cost of antipollution measures as well as the expenses outlaid to restore the environment (1972: Polluter Pays Principle (PPP)). | Incorporated the PPP into the Basic Law for Environmental Pollution Control, the Act on Entrepreneurs' Bearing of the Cost of Public Pollution Control Works and the Law Concerning Pollution-Related Health Damage Compensation. |
| Provision of a standardised model of a tax convention | Established the OECD's Model Tax Convention on Income and on Capital in 1963 as part of its efforts to formulate international tax regulations. | Japan applies this model convention to its bilateral taxation treaties. |
| Consumer protection in line with advancements in e-commerce | Established consumer protection guidelines in e-commerce in light of the spread of the Internet. | Principles of the guidelines are referred to in the relevant domestic laws, such as the Act on Specified Commercial Transactions, Instalment Sales Act, Act on Regulation of Transmission of Specified Electronic Mail, etc. |

Japan's Contribution to the OECD

Financial Contribution

Japan is the second biggest financial contributor to the OECD following the United States, covering approximately 12.9% of the OECD's principal budget (Part I Budget) equivalent to around 24 million euros (2013). Japan also provides funds for numerous individual programmes.

Financial Contribution to the OECD by Major Member Countries (Part I Budget, 2013)



Japan's Leading Role



Photo: Kato Yuki/JICA

Amid the globalisation of the world economy and Asia's position as the world's growth centre, Japan has been working to strengthen ties between the OECD and Asia. Japan endorsed South Korea's accession to the OECD in 1996 and took a leading role in OECD initiatives addressing the Asian financial crisis of 1997. In recent years, Japan has provided financial support to OECD programmes aimed at promoting investment and improving corporate governance in the ASEAN region as well as to the OECD's activities in the region in such areas as the macroeconomy and urban development.

Japan has also played a key role in various phases of the enlargement of the OECD. In 2004, the Ambassador

of the Permanent Delegation of Japan to the OECD led the compilation of the "Noboru Report," which set out membership criteria, the accession process and the scale of enlargement, as well as engagement with non-member countries. In discussions on OECD enlargement and enhanced engagement with non-member countries in 2007, Japan played a leading role in

strengthening ties between the OECD and South-East Asia. In particular, Japan fulfilled a principal role in establishing the South-East Asia Regional Programme when the OECD Ministerial Council Meeting in 2013 decided on strengthening the OECD's global reach.

In the field of development cooperation, even before joining the OECD, in 1960 Japan joined the Development Assistance Group (DAG), the predecessor to the OECD's Development Assistance Committee (DAC) which was established the following year. Japan has since been contributing to the development of developing countries. Japan has promoted the need for concrete development goals and a timeframe

for their achievement, providing momentum to the establishment of the new development strategy "Shaping the 21st Century: The Contribution of Development Co-operation" by DAC in 1996. This strategy ultimately led to the formulation of the United Nations Millennium Development Goals (MDGs) in 2000. Japan also put forward the proposal to improve the investment environment in developing countries in 2003, which formed the basis of the Policy Framework for Investment (PFI) formulated in 2006.

Japan has been leading discussions in the OECD in the field of international taxation. In particular, Japan played an important role as the Chair of the Committee on Fiscal Affairs (CFA) in formulating Base Erosion and Profit Shifting (BEPS), which the G20 endorsed in 2013, to ensure appropriate taxation on multinational enterprises.



Photo: Mika Tanimoto/JICA

Japan as the Chair of the OECD Ministerial Council Meeting in 2014

The year 2014 marks the 50th anniversary of Japan's accession to the OECD. Japan aims to demonstrate its leadership as the Chair of the OECD Ministerial Council Meeting in this commemorative year.

Japan's Leadership in the 50th Anniversary of Its OECD Membership

Leveraging Japan's Strengths

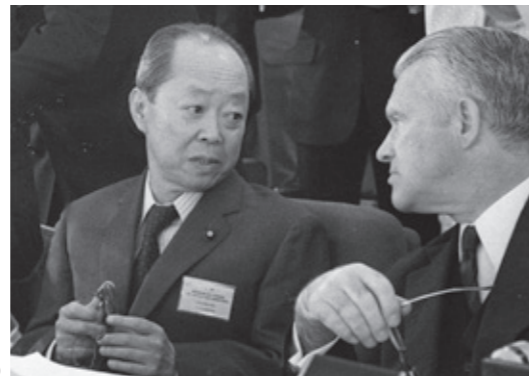


Photo: Cabinet Public Relations Office
Prime Minister Shinzo Abe received a courtesy call from Mr. Angel Gurría, Secretary-General of the OECD (2013)

The year 2014 is a historic year for Japan, as it commemorates the 50th anniversary of its accession to the OECD. In May 2014, Japan will chair the OECD Ministerial Council Meeting for the first time since 1978.

As the Chair, Japan aims to share the experience and lessons learned from reconstruction after the Great

East Japan Earthquake and recent economic and fiscal policies under "Abenomics." In doing so, Japan will take a lead in creating policies to realize resilient economies and societies with a view to enhancing preparedness for risks and uncertainties at the global, regional and national levels.



© OECD PHOTO
Mr. Kiiichi Miyazawa, Minister of Economic Planning, and Mr. Emile Van Lennep, OECD Secretary-General at the OECD Ministerial Council Meeting chaired by Japan (1978)

Japan will also lead discussions on the future of development cooperation to tackle diverse development challenges faced by developing countries.

Strengthening Ties between the OECD and Asia

Japan will make further efforts to strengthen ties between the OECD and Asia. In particular, Japan will actively contribute to the South-East Asia Regional Programme.



Japan Taking the Initiative

As the global economy changes, Japan is taking a leading role in the OECD.

Japan's Role in a Changing Global Economy

Responding to the OECD's Changing Role in the World Economy

The world economy has been rapidly changing in the last decade. While OECD member states accounted for almost 80% of the world's GDP until around 2000, this figure is expected to drop to approximately 60% in 2015 as the BRICs (Brazil, Russia, India and China) and emerging countries in Asia come to the forefront.

Against this backdrop, the OECD needs to make more strenuous efforts in leading international debate in such areas as new socioeconomic issues, promotion of trade and investment and sustainable development. In this regard, it has become increasingly important for the OECD to strengthen policy coordination and ties with non-member states.

As a developed country facing new types of policy agendas, Japan will continue to actively contribute to discussions at the OECD on such issues as the ageing population, the environment and urban development. Japan will also take initiative in the formulation of international rules and will support research and analyses, such as

through implementing an action plan for Base Erosion and Profit Shifting (BEPS) in the field of international taxation and promoting research on Global Value Chains (GVCs) and competitive neutrality (state-owned enterprise) in the field of trade.

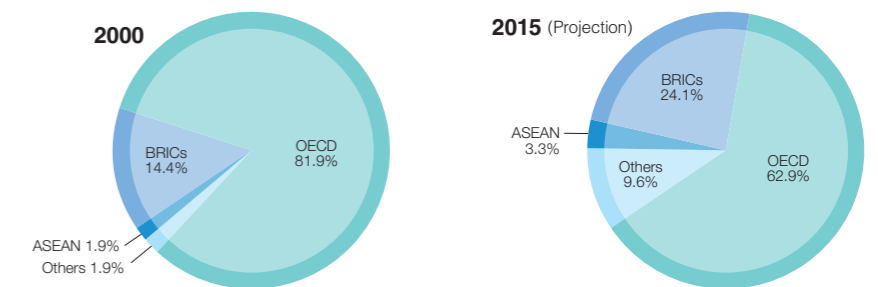
In addition, as the first OECD member state from Asia, Japan will aim to further strengthen ties between the OECD and Asian nations, particularly South-East Asia, in diverse fields

including connectivity, improvement of the business environment and urban development.

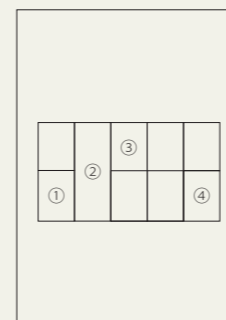


Photo: Kenshiro Imamura/JICA

GDP of OECD Member States



Source: Calculation based on IMF World Economic Outlook, October 2013.



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