

**Remarks by Mr. Kazuyuki Nakane
State Minister for Foreign Affairs, Japan
at the 4th OECD Southeast Asia Regional Forum**

Dr. Pichet Durongkaveroj, Minister of Digital Economy and Society of Thailand,

Mr. Virasakdi Futrakul , Deputy Minister of Foreign Affairs of Thailand,

Mr. Ángel Gurría, Secretary General of the OECD,
Distinguished delegates of OECD and ASEAN Members,

Ladies and Gentlemen,

At the outset, I welcome the opening of the Fourth OECD Southeast Asia Regional Forum. I would like to express my sincere gratitude to Thailand, the host country of this forum, Indonesia, the co-chair of Southeast Asia Regional Program, and the OECD Secretariat.

My special appreciation goes to Thailand for preparing for the forum while the country remains in mourning for the late King. I would like to take this opportunity

to renew my congratulations on the accession to the throne of His Majesty King Maha Vajiralongkorn.

I would also like to pay my respects to Thailand for earnestly leading the whole-of-government reforms with the commencement of the OECD Country Program for Thailand.

Ladies and Gentlemen,

The theme of this forum is “Opportunities and Policy Challenges of Digital Transformation in Southeast Asia”. OECD has engaged in active discussions on the policies to make digitalization work for better lives and inclusive growth. Japan has actively contributed to such discussions. Today it is very timely for us to discuss this issue in the context of Southeast Asia, taking advantage of the OECD’s rich data and expertise.

The OECD has been working on a horizontal project to assess the potential and the impact of digitalization on various aspects of human lives. It is essential to recognize digital transformation as an opportunity, not

as a problem. We must develop and implement policies that enable the benefits of digitalization to reach every part of the society, so as to bring about innovation, productivity growth, and reduction of inequality.

Effective use of digitalization will enhance productivity growth and regional connectivity, thus helping ASEAN countries address such challenges as the middle income trap. To this end, it is necessary to develop and maintain ICT infrastructure, such as broadband network, to promote free flow of information and cyber security, to protect intellectual property rights, and to provide ICT education.

For development and maintenance of ICT infrastructure, it is important to foster a competitive market environment to bolster infrastructure investment, as well as to promote quality, cost-effective infrastructure in the long run. The free flow of information is also a necessary foundation for facilitating innovation and solving social challenges.

Ladies and Gentlemen,

The OECD has a role to play in establishing high-level international standards in various areas including digitalization, thus contributing to economic growth and expansion of trade around the globe. Its role also includes spreading such standards to non-members, thereby building the basis for international cooperation.

A good example is the Inclusive Framework on BEPS, which has more than one hundred participating countries and areas, including ASEAN countries. With BEPS, the international community reaffirmed the relevance and the impact of the OECD. Membership in this framework is extremely meaningful as it ensures legitimacy of the taxation system of participating countries and enhancing international economic governance.

The process for setting standards is as important as spreading them. This year's OECD Ministerial Council Meeting reaffirmed the openness of the

organization. The presence of ASEAN countries is increasing in the global economy. Their active engagement with an open OECD and their participation in the process of standard-setting will certainly contribute not only to greater economic development in Asia, but also to a larger role played by ASEAN countries in the international economic governance.

More specifically, if those standards are internalized by ASEAN countries and become the basis for their regional integration and domestic reforms, it can give a great impact on the regional economic governance. Such standards will be effective for the entire Southeast Asia for avoiding the middle income trap. As a result, ASEAN countries will be able to play a greater role, thereby increasing their influence in the international economy.

Ladies and Gentlemen,

It has been three years since the Southeast Asia Regional Program was launched. The Program has

borne fruit in its major objectives of assisting the regional integration and domestic reforms.

Cooperation within the Program has been institutionalized and strengthened, as seen in the progress in policy dialogues. Along with such development, ASEAN Economic Community 2025, with the roadmap of the regional economic integration process, recognizes the OECD as one of the institutions for strategic collaboration with the ASEAN. It also expresses the ASEAN's willingness to benefit from the OECD's expertise in the integration process.

The OECD has assisted ASEAN countries' domestic reforms through such bilateral cooperation as the OECD-Indonesia Joint Work Program and the Country Program for Thailand, and by offering its expertise through reviews and report. The number of the OECD's legal instruments adhered by ASEAN countries increased from twenty-six in 2014, the year the Program was launched, to forty-five as of the end of 2016.

Ladies and Gentlemen,

The OECD and the ASEAN have been deepening their cooperation. The presence of Southeast Asia in the OECD has significantly increased. Japan sincerely hopes that the Southeast Asia Regional Program will develop further, and that more ASEAN countries will step forward to elevate their cooperation with the OECD. Japan is determined to continue playing a bridging role between the OECD and ASEAN countries.

Thank you very much for your kind attention.