



OECD and Japan

- Celebrating 60 Years of Membership -



Ministry of Foreign Affairs of Japan

Overview of the OECD



The Organisation for Economic Co-operation and Development (OECD), an international organisation headquartered in Paris, is dedicated to promoting economic growth, development assistance, and the expansion of free, multilateral, and non-discriminatory trade. It has 38 member countries, all of which are committed to the organisation's shared values.

The OECD conducts research and issues policy recommendations in various economic and social fields, such as macroeconomic policy, regulatory and structural reforms, trade and investment, environment, sustainable development, and public governance. For this reason, the OECD is often regarded as the world's largest think tank. Serving as a forum for policy coordination in economic and social areas, it facilitates discussions among members to address emerging challenges and develop high-quality standards. Member countries work to align and improve their own economic and social policies as well as institutions through OECD initiatives.

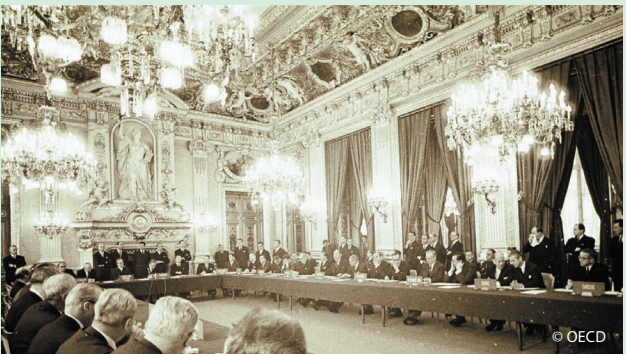
38 Member Countries

(1) Original Member Countries:

Austria, Belgium, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Türkiye, the U.K., the U.S., and Canada

(2) Subsequent Member Countries:

Japan (1964), Finland (1969), Australia (1971), New Zealand (1973), Mexico (1994), Czech Republic (1995), Hungary (1996), Poland (1996), Korea (1996), Slovakia (2000), Chile (2010), Slovenia (2010), Israel (2010), Estonia (2010), Latvia (2016), Lithuania (2018), Colombia (2020), and Costa Rica (2021)



Signing of the OECD Convention (1960)

OECD's Three Objectives

The OECD evolved from the Organisation for Economic Co-operation in Europe (OEEC), which was created in 1948 to administer aid under the Marshall Plan for the reconstruction and subsequent development of the European economies after the devastation of World War II. In 1961, the OECD was established as a successor organisation to the OEEC, with a broader mandate to discuss international economic issues with a global perspective. In keeping with its history as an organisation, the OECD is tasked with meeting the following three main objectives:

1. Economic Growth

Achieving the highest sustainable economic growth and employment and a rising standard of living while maintaining financial stability.

2. Assistance to Developing Countries

Contributing to sound economic growth of regions still under development.

3. Promotion of free, multilateral, and non-discriminatory trade

Contributing to the expansion of free and fair world trade in accordance with international obligations.

Major OECD Initiatives

1. Stable Macroeconomic Management and International Cooperation in Economic Policy

The OECD provides a platform from which to discuss global economies, including both member states and emerging countries, with a view to ensuring the stability and development of the world economy while also offering assistance to non-member states. It produces reports on individual countries' economies, as well as the OECD Economic Outlook. The OECD Model Tax Convention was formulated in 1963 as a part of the establishment of international rules in the field of international taxation and has been periodically revised to meet the needs of the times. The OECD addresses international tax avoidance by multinational corporations through the Base Erosion and Profit Shifting (BEPS) Project.

2. Promoting Free Trade and Investment

The OECD conducts analyses designed to strengthen the multilateral trading system led by the WTO, and promotes investment liberalisation through the relevant rules and analytical work in the field. In order to promote rules to be observed in international investment and business initiatives, and to ensure better implementation of responsible business conduct and corporate governance, the OECD adopted the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the Anti-Bribery Convention, and the G20/OECD Principles of Corporate Governance.

3. Addressing New Economic and Social Challenges

In addition to leading discussions on drawing up common rules in the digital sector, such as those pertaining to artificial intelligence (AI) and Data Free Flow with Trust (DFFT), the OECD also contributes to policy making by providing analyses on issues including gender equality, addressing employment associated with ageing populations, and the state of school education.



Challenges facing the OECD

The OECD promotes a rules-based international order by creating and expanding standards and rules addressing various economic and social issues. It first adopted the OECD Code of Liberalisation of Capital Movements in 1961, which has been the foundation of free trade; and more recently, it has helped formulate the G20 Principles for Quality Infrastructure Investment, a guiding principle in development assistance, and adopted the OECD AI Principles against a backdrop of AI's growing importance.

However, the OECD's global relevance and impact has been in decline as emerging countries wield greater economic influence and the combined GDP of OECD member countries dropped from approximately 80 percent of Global GDP in 2000 to 60 percent in 2020. It is imperative for the OECD to bolster relations with non-member countries, especially in the Indo-Pacific—one of the world's most dynamic growth regions—in order to maintain and improve the practicality of its rules and standards.



Ministerial Council Meeting 2024 - Japan as Chair

In 1964, Japan became the first Asian country to join the OECD. Since then, Japan has further opened its economy by way of liberalisation in line with the OECD Codes of Liberalisation of Capital Movements and of Current Invisible Operations. This resulted in the nation's economic growth supported by free trade and investment. As the second-largest financial contributor to the OECD in assessed contributions after the United States, Japan actively participates in discussions and plays an important role in the management of the OECD, as illustrated by the selection of Japanese staff for the Deputy Secretary-General position since 1990.

This year, Japan marks the 60th anniversary of its membership in the OECD. On 2 and 3 May, the Country also assumed the Chair of the Ministerial Council Meeting (MCM) for the third time. Under the theme of "Co-creating the Flow of Change: Leading Global Discussions with Objective and Reliable Approaches towards Sustainable and Inclusive Growth", Japan led discussions to promote a rules-based, free and open international order, with particular emphasis on the following three pillars:

OECD's Outreach to the Indo-Pacific Region:

In commemoration of the 10th anniversary of the OECD Southeast Asia Regional Programme (SEARP), established by Japan's 2014 MCM initiative, Japan intended to highlight the significance of recent initiatives by Southeast Asian countries to join the OECD. Japan emphasized the need for the OECD to further enhance outreach to the Southeast Asia region, considered as a global economic growth engine.

Enhancement of the Free and Fair Economic Order:

By making full use of the OECD structure, where member countries with shared values come together, Japan emphasized the importance of facilitating sound economic growth through free trade and investment, in line with the OECD's founding objectives.

Japan's Initiatives to Address Emerging Challenges:

Building on the outcomes of the G7 Hiroshima Summit, Japan demonstrated its leadership in deepening discussions in the digital arena, including generative AI and Data Free Flow with Trust (DFFT), as well as addressing urgent global issues such as climate change.



Keynote Speech by Prime Minister KISHIDA Fumio



Minister for Foreign Affairs KAMIKAWA Yoko chairing the meeting



OECD Headquarters

Ministry of Foreign Affairs of Japan Website

- Organisation for Economic Co-operation
and Development (OECD)

https://www.mofa.go.jp/mofaj/gaiko/page2_000009.html



OECD Website

<https://www.oecd.org/>



OECD Tokyo Centre Website

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