

**Preliminary Proposed Concepts by the Chair
for 2014 OECD Ministerial Council Meeting**
(Statement by Ambassador Kazuo Kodama,
Permanent Representative of Japan to the OECD)

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Introduction

As Ambassador of the Chair country for the 2014 MCM, I am honoured and delighted to launch the preparation process for the next MCM at today's Council. We are about to designate our two very qualified Vice Chairs, which will allow me to establish the bureau of the next MCM. Though an official proposal on the theme and programme of the next MCM will come from the bureau at the December Council, today I would like to introduce my rough sketch on the proposed concepts for the 2014 MCM chaired by Japan.

Currently, Japan intends to put forth the following two items as the main pillars of the 2014 MCM: first, empowering the world economy with “resilience” and second, enhancing the OECD's global relevance including the establishment of the Southeast Asia Regional Programme.

1. Resilience

(a) What is ‘Resilience’?

In Japan, a bamboo tree is a symbol of resilience. In winter, snow falls on the bamboo trees and they bend, but they never break. After the snow melts away, the trees start to grow straight again. We believe this image of resilience can provide a relevant and useful idea when our Ministers gather at OECD Week 2014 to develop effective strategies on how to realise a strong, sustainable and inclusive economy.

One definition of resilience is “the ability of an economy to withstand or bounce back quickly after being hit by a shock.” We would like to go further by shedding light on an additional aspect of the concept of resilience. This concept, “bouncing forward,” seeks to make our economy more robust than before a crisis, so that it is less susceptible to future shocks.

(b) Why Does Resilience Matter?

More than five years have passed since the 2008 financial and economic crisis. We have collectively suffered the ensuing “Great Recession,” but the international community has managed to avoid repeating the same mistakes made in the 1930’s. The world economy in 2013 seems to be on the path to recovery and regaining confidence. However, this recovery remains fragile and the world is still struggling to heal economic and social scars. We still have lots to do.

In my view, the Organisation’s essential mission in the post-2008 world remains the same. Growth and jobs have continued to be the “basso continuo” of the intellectual discourse in the OECD. Our Vision Statement in 2011 clearly reaffirmed the importance of sustainable, balanced and inclusive growth. We must resolutely pursue strategic policy options to ensure growth for the better well-being of people.

More importantly, the last economic crisis underscored the truly complex and interconnected nature of today’s globalised world where the impact of a shock or a constraint can spread instantly and broadly. Therefore we need to strengthen our collective resilience against future crises. In other words, we need to empower our people, our states/economies and our global systems with resilience.

(c) What are the policy implications of resilience? / How do policies for resilience contribute to sustainable, balanced and inclusive growth?

The policies conducive to achieving a more resilient economy and society can vary and will be prioritised during our discussions leading to the next Ministerial. My initial thought is to examine this subject on three different levels:

- Resilience of people,
- Resilience of states and economies, and
- Resilience of global systems.

First, we must put our focus on empowering people – especially women, seniors and the young – as well as providing appropriate protection so they can fully activate their potential in the labour market and participate in the growth process. This is inclusive growth. Inclusive growth is imperative to improve equality among people and to ensure trust between people and governments, and can strengthen societal resilience by reinforcing social cohesion and lessening the risk of social unrest.

Second, at the level of states and economies, we should explore more sophisticated macroeconomic policies and structural reforms for sustainable and balanced growth, while taking into account various constraints and long-term trends including demographic changes. Therefore it is imperative for us to seek best policy combinations among seemingly conflicting policy prescriptions – such as fiscal consolidation and growth and equality and growth. The promotion of innovation, especially through investment in knowledge, is one of many key elements because innovation will enable the economy to not only overcome risk factors (environment, ageing and resource scarcity) but also transform them into new sources of growth.

Furthermore, we should give due consideration to the benefit of diversifying sources of economic growth so that a single shock on a certain area does not disrupt the growth of the whole economy, while seeking the right balance between efficiency and redundancy. These policies will contribute to strengthening economic resilience and will allow us to embark on a new frontier of growth.

Third, we need to shed light on enhancing global coordination to tackle our common challenges – such as climate change – for sustainable growth. The OECD is in a position of comparative advantage to consider how it might make a useful contribution to global standard-setting in various areas, including investment and trade, in order to improve global coordination and collective resilience. Also, policies for increased resilience can be applied to countries at different levels of development, as a way of underpinning their past development efforts, thus leading us to the realization of a more stable and resilient global economy and society.

I think the NAEC can provide us with substantive inputs for this policy debate. Therefore I expect that the NAEC synthesis report, to be presented to the 2014 MCM, will help Ministers find future policy direction for a more resilient world.

2. OECD's global relevance – the Southeast Asia Regional Programme

In the highly interconnected world economy, the OECD is obliged, more than ever, to grasp the reality of Member states and countries outside the Organisation. Therefore it is vital for the Organisation to enhance its engagement with growing economies in accordance with our Minister's decisions.

At the 2014 MCM, the Secretary General is expected to report on the progress of the Southeast Asia Regional Programme. Because Southeast Asia is becoming one of the major engines of world trade and production, and because the growth of this region showed remarkable resilience during the economic crisis after 2008, OECD's deeper engagement with this strategic region will provide the Organisation with an incomparable opportunity to prove its global relevance in this changing world.

Conclusion

In conclusion, I believe that the concept of resilience and a focus on the OECD's outreach, especially to Southeast Asia, will provide a new perspective for Ministers to engage in a lively and intellectually stimulating discussion at the MCM in 2014. I hope we can organise as productive a meeting as possible in cooperation with all Member states and the Secretariat.

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