

OECD Global Parliamentary Network meeting in Tokyo

International Conference Room, House of Representatives

National Diet of Japan

12-13 April 2016

SUMMARY

The meeting of the OECD Global Parliamentary Network “on the road” in Tokyo took place on 12–13 April 2016, organised jointly by the OECD and the National Diet of Japan at the International Conference Room of the House of Representatives. It was the first meeting of the Network to be held in Asia.

In total, **66 Members of Parliament (MPs)** and **11 parliamentary officials** attended. **22 countries** were represented. This included: Austria, Brunei Darussalam, Cambodia, Czech Republic, Estonia, Finland, France, Indonesia, Japan, Jordan, Laos, Malaysia, Mexico, Morocco, Myanmar, Norway, Philippines, Portugal, Spain, Sweden, Thailand and Turkey. In addition to this, 6 members of the Economic Research Institute for ASEAN and East Asia also participated, and Ambassadors or representatives of the Embassies of OECD member countries in Japan also took part in the meeting as observers. It was chaired by **Catherine Candea**, OECD Deputy Director of Public Affairs and Communications.

Angel Gurría, Secretary-General of the OECD and **Toshihiro Nikai**, Chair of the Japanese MP Delegation gave opening remarks. **Mr. Gurría** highlighted key policy challenges for parliamentarians, focusing on the need to strengthen disaster risk awareness and management, develop gender inclusion strategies, and respond to the prolonged global economic slowdown. **Mr. Nikai** noted that Japan, G7 host this year, was also the first Asian country to host the Global Parliamentary Network, where legislators from Asia and beyond can share their policy challenges and best practices to bring optimal solutions back to their own countries.

Global Economic Outlook (including Asian Economic Outlook)

Mr. Gurría discussed the current state of the world economy, commenting that stronger global growth remains elusive, trade has stalled, and downside risks are high. He observed that a modest upturn is underway in advanced economies, held back by inadequate wage and employment growth and subdued investment. **Mr. Gurría** noted that ongoing growth moderation in China has contributed to lower commodity prices and weaker global trade growth, while emerging market economies are likely to experience mixed fortunes. He also stressed that future risks remain in Asia, even if growth prospects remain relatively solid. **Mr. Gurría** emphasised the need to rethink the policy mix – looking beyond monetary policy in isolation and making greater use of fiscal and structural levers – to achieve strong, sustainable and inclusive growth. On regional trade agreements, **Mr. Gurría** advised that they should be approached like building blocks that could catalyse multilateral agreements. He concluded that the gains from collective action will be greater than those from unilateral initiatives, and noted that the OECD, as a repository of best practices, stands ready to support policymakers.

Main discussion points/questions raised:

- Japanese MP **Tsuyoshi Yamaguchi** highlighted the importance of economic integration, innovation and tackling inequality to stimulate and sustain world economic growth. **Mr. Gurría** noted the OECD’s longstanding work on these issues, and stressed that a good diagnosis of inequality is crucial. He further stated that productivity and inclusiveness must go hand in hand. Japanese MP **Yukihisa Fujita** focused on the importance of increasing investment in education, which is low in Japan.
- Asked about the unilateral measures some countries take, such as decreases in interest rates, and how these kinds of non-cooperative approaches to growth might hinder global prospects, **Mr. Gurría**

responded that exchange rates have to reflect what happens in the real economy and should not be changed artificially.

- An MP said that gender was the main lever to enable growth, together with the integration of refugees. Evidence shows that economies will grow faster if refugees are quickly integrated into the labour market. **Mr. Gurria** said that gender equality makes a difference across all areas, and that policymakers should ensure that opportunities for women are as good as those for men. He added that migration can be a solution to ageing societies, but emphasised that effective integration policies, including skill recognition, must be implemented. Integration should be approached as an investment that will reap benefits along the way. Another MP explained how Japan accepts very few refugees but does welcome people coming for vocational training and seasonal workers, and stressed the need for a comprehensive strategy on migration.

Gender – Women as drivers of economic growth

Catherine Candea, Deputy Director of Public Affairs and Communications, gave an overview of the cumulative impact of gender inequalities throughout a woman's life. Gender equality is not just a matter of social justice, but also a driver of societal and economic progress. Girls and boys remain deeply divided in educational career choices, with girls being underrepresented in science, technology, engineering, and mathematics (STEM) fields. Since there are little differences in school performance, this derives from a lack of confidence on the one hand, and on the other, perceptions and expectations from their parents about their future careers. When women enter the labour market, gender gaps persist in employment rates, earnings and access to finance, while the implicit gender bias of tax systems affects men and women differently. Women are more likely than men to work fewer hours, work part-time, have lower wages, and retire earlier, which creates a pension gap of 28% on average. And, while the proportion of female political leaders is increasing, women are far from parity as policy makers. **Yumiko Murakami**, Head of the OECD Tokyo Centre, spoke about the correlation between increased female representation in parliaments and a reduction in income inequality, and between more women in key decision-making positions and enhanced trust.

Main discussion points/questions raised:

- The MP discussants for the session touched upon the importance of gender mainstreaming and building a culture of gender equality. They remarked that an idea is only mainstreamed when it is able to change policies and budgets. Japanese MP **Seiko Noda** brought up that politics is often considered “men's business”, with female MPs seen as having a supporting role. Closing the gender gap in Japan is critical in light of an ageing society and where the burden of providing welfare is falling on a shrinking workforce. Japanese MP **Masako Mori** focused on the role of fair taxation and social security to reverse the economic disincentives for women to (re)enter the labour market. Finnish MP **Mats Löfström** noted the importance of creating a society where both men and women can combine family and work, well-being and growth. To achieve gender mainstreaming, ministries, structures and processes need to be changed, and legal frameworks fine-tuned. Norwegian MP **Sivert Bjørnstad** focused on the impact of increased female work participation on productivity and specialisation. He explained that if women's participation in the labour market in Norway went down to the OECD average, the country's GDP could be reduced by the equivalent of the country's oil assets. French MP **Karine Berger** shared her country's experience, where the provision of childcare has been instrumental in achieving high rates of female employment, but structural issues remain: e.g., women are penalised by taxation as second earners in the household.
- On the impact of sharing childcare responsibilities, an MP recommended enlarging only paternity leave and not parental or maternal leave. Another MP explained how the crisis had shifted the focus again to boosting growth, leaving gender equality aside instead of taking the opportunity to emerge from the crisis stronger. A third MP brought up the need to remunerate the caring of children and the sick or elderly, unpaid work that is mainly done by women and preventing them from participating in the labour market.

- Several MPs touched upon women's participation in politics, and how even if the gender gap was being reduced, top positions in parliaments, such as Committee Chairs were still mainly held by men.

Disaster Risk Management

Rolf Alter, Director for Public Governance and Territorial Development, shed light on the economic damage of natural disaster and the need for risk management and risk reduction. Safety and security is one of the Sustainable Development Goals, and with the impact of climate change, no part of the world is exempted from extreme weather and natural disasters. Countries need to take into account economic considerations, geography and preparedness, as well as location and topography. And, even if high-income countries have lost less lives in disasters than developing countries, economic losses have been significant and are on the rise despite country efforts, since today's natural disasters are of a different calibre. The OECD works to spread best practices in managing risk to improve the resilience of economies, societies and individuals, since very few countries have undergone proper risk assessments.

Main discussion points/questions raised:

- Several Japanese MPs shared their country's experience, emphasising how, being disaster-prone, the Asia-Pacific region is rich in lessons that other countries could learn from. Discussant MP **Teru Fukui** explained that Japan, since the enactment of the National resilience law in 2011, had taken leadership in raising international awareness on disaster management and shown commitment to support capacity building (i.e. Sendai Initiatives). Another MP shared his concern that it was difficult to motivate the private sector to disseminate information and practice regular emergency drills, which could contribute easily to disaster risk reduction. A third MP emphasised the need to invest more not just on the hard side of disaster risk reduction (e.g. building coastal dykes), but also on the soft side (e.g. emergency drills) and on the mainstreaming of disaster risk management. He also reminded participants that a discussion on safely running nuclear plants in the face of a disaster should not be left aside, acknowledging that disasters can be stronger than predicted. **Mr. Alter** advised that societies need to decide the level of risk they are willing to take on, individually and collectively, and that in addition to people, assets also need to be protected, with both the public and private sectors involved. He agreed that communication and systemic coordination about who does what in the event of a disaster is key. He also gave examples of how we are creating further vulnerability, such as cloud computing or centralised energy grids.
- Philippine MP discussant **Aquilino "Koko" Pimentel** focused on pre-disaster measures, such as capacity building for local governments, updating hazard maps or ID databases on municipality-level could contribute greatly to risk reduction. He called for more meetings where legislators could share their concerns and best practices in order to achieve better disaster management measures and improve their implementation. He also shared his concern about how to make individuals take out earthquake insurance, and asked for advice from other countries. An MP stressed how regional challenges, such as the proximity of conflict countries or fragile states can have an impact on resilience and exacerbate the repercussion of natural disasters and the flow of refugees.
- Regarding the level of risk to plan for, an MP cautioned that certain events are only likely to happen once every century, such as earthquakes in less exposed areas, but that this should still be taken into account when developing building regulations, for example.

Regional Challenges – A View from Asia

Randall Jones, Head of the Japan Desk at the Economics Department provided a big picture of regional and global trade, as well as the challenges facing the region. He touched upon the reasons for the slowdown in world trade, the cost and benefits of regional integration, and how Asian integration was initially driven by trade and investment. Countries who participate in regional trade agreements tend to participate more in global value chains (GVCs). The number of free trade agreements (FTAs) in Asia has risen sharply in recent years, with the Trans-Pacific Partnership (TPP) gaining prominence after the stalemate in the Doha Round. Looking ahead,

greater benefits would be possible through the creation of an Asian-Pacific FTA by combining the Regional Economic Partnership (the ASEAN+6 initiative) with the TPP. **Mario Pezzini**, Director of the Development Centre and Director of the Development Co-operation Directorate (a.i.), focused on Emerging Asia's development in the context of shifting wealth which continues to reshape the world economy in different ways. By drawing on the latest *Economic Outlook on Southeast Asia, China and India 2016*, he identified some bottlenecks for the region's development such as: the impact of climate change, the decline in productivity, weak infrastructure and social vulnerability. While keeping a comparative view across regions, Mr. Pezzini presented policy solutions for further regional integration that could help spur the region's sustainable development. This includes improving coordination between national and regional plans and monitoring integration initiatives, tackling regional disparities, advancing green growth and expanding private sector opportunities regionally. Going beyond Asia, the presentation emphasised the increasingly interconnected nature of global economy and benefited from the perspectives of MPs from other regions.

Main discussion points/questions raised:

- ERIA's president, **Hidetoshi Nishimura**, gave a brief overview of ASEAN's history and highlighted the challenges and opportunities that lie ahead of regional integration. In this context, he also explained that TPP and the Regional Comprehensive Economic Partnership (RCEP), as common frameworks, are expected to help unify the trade standards in ASEAN's other FTAs, but at the same time pose a challenge for cooperation within ASEAN.
- Japanese MP discussant **Masaharu Nakagawa** noted that Japan has rapidly strengthened its economic relations with Southeast Asian countries in recent years through infrastructure exports. However, he also pointed out that a much bigger regional economic community that includes China and Korea should be sought after. More important than trade in goods and services across countries is the movement of people – he insisted that Japan needed to discuss accepting more foreign workers, including refugees. Some Japanese MPs expressed their appreciation for the OECD in continuing to provide policy recommendations, which led Japan to decide to participate in the TPP framework.
- The second discussant, **Satit Chanjavanakul** from Thailand shared his struggles over how Asian countries could strengthen their competitive advantage in global value chains, and how best to increase investment in sustainable development. However, he also emphasised that each country should deal with domestic financial situations by taking measures to adapt to ageing populations and utilising female labour force before even embarking on TPP discussions.
- On a global perspective, an MP commented that increasing domestic consumption and competitiveness is the key to tackling sluggish global economic growth. Another MP suggested that the development of the services sector can drive up productivity in the manufacturing sector. Several MPs mentioned gender equality as one of the key challenges for the region, and stressed the need to close the gaps in female participation and salaries.

In his closing remarks, **Mr. Gurría** encouraged parliamentarians to build public trust by improving the transparency, effectiveness and efficiency of governments and regulations. He encouraged continued benchmarking to enable countries to compare their performance and gradually converge towards best practices. He also emphasised the important role of legislators to transform inspiration into legislation and to ensure that better policies benefit citizens.