

OECD FORUM 2006
BALANCING GLOBALISATION
22-23 May 2006, Paris

Regional integration and development in the Middle East

Yasuhisa Shiozaki, Senior Vice Minister for Foreign Affairs, Japan

1. Introduction

Let me start by saying how happy I am to have been given the opportunity to participate in and speak at this forum on the extremely important subject of regional integration and development in the Middle East.

The core of this subject is people, people with job and people with hope. With this conviction in mind, Japan has been actively involved in the initiative being implemented jointly by the countries of the Middle East and North Africa (MENA) and the OECD.

The two wheels of this initiative is investment and public governance. Today, I would like to stress the importance of investment and public governance from the standpoint of development and then go on to talk about the Japanese experience and cooperation with the Middle East.

2. The importance of investment and public governance

In the context of development, Japan places prime importance on human resources development. This is based on her own history of nation-building, which was realized by the participation of the “ordinary people”. I believe that people’s aspirations for a better future and their eagerness to take part in socio-economic activities are the engines of development. From this standpoint too, the most important matters are investment and public governance. Investment brings about employment and new economic activities, and public governance is to provide maximum support for people’s activities and ensure predictability to carry these activities.

(i) Importance of investment

To elaborate further on the question of investment, not only does investment serve as the trigger for economic activities; it also involves the transfer of new technology and expertise and brings about large profits for the economy of the host country. The countries of East Asia and Southeast Asia have for many years been following a policy of attracting private investment. As a result, looking at the FDI stocks between 1980 and 2004, East and Southeast Asia account for more than 50% of the figure of approximately two trillion dollars for developing countries as a whole.

In fact, private capital is all about maximizing profit, and it is cautious by nature. In order to attract such private investment, as a matter of course, there is a need for legal stability, legal predictability, fair competition, maximum liberalization, and improvements in human resources.

In addition to these basic conditions, another attractiveness to invite private investment is a big market. Regional integration not only creates such big market but also decreases operational costs for business, especially those connected with distribution.

(ii) The importance of governance

Looking at the question of public governance, improving public governance is not merely administrative services for satisfying the people's expectations. It is a challenge to create a lively and dynamic society and involve the creation of new relationships based on interaction between the three sectors of government, business and civil society.

If I point to the experience of Japan, since medieval times Japan has placed importance firstly on public governance, secondly on education and human resources development, and thirdly on renovation of infrastructure. Incidentally, there is a centuries-long saying in Japan which says: "Stones do not build castles, people do".

(iii) Evaluation of the MENA/OECD initiative

Expressed in this light, the idea of promoting development under the impetus provided by integration should not be equated with 'one size fits all' kind of uniform activities within the region. I believe that individual countries need first of all to consolidate the environment for investment, in accordance with their respective societies and to move ahead with the improvements in governance. As they do so, the movement toward cooperation within the region is likely to grow stronger and stronger. From this standpoint, the MENA/OECD initiative is all about the MENA countries' ownership to build a better future. Japan supports this approach and we will continue to extend our humble hand of solidarity for their success.

(3) Japan's approach to the MENA/OECD initiatives

Let me share with you how we support ownership of the MENA countries through cooperation at the personnel and financial levels. As regards the investment programme, we chaired the operational group for a year and a half since the beginning. We provided 230 thousand euros each year for activities during the first and second years. Furthermore, in connection with the public governance programme, Japan chaired the operational group and contributed 100 thousand dollars through the Japan/UNDP Partnership Fund.

We are also engaged in cooperation through bilateral ODA. We believe that sustainable development cannot be realized without people's participation, thus people need to be given a place to work. It also is true that with infrastructural improvements and human resources development, economic activities will be enhanced. In this context, we are placing particular emphasis on the education of science and mathematics at the primary school level without forgetting the importance of higher education and occupational training. To give some examples, in the field of investment we have provided 10 million dollars to the International Finance Corporation (IFC) to support small and medium-scale enterprises, and we are engaged in vocational training aimed at 10 thousand people in MENA and its neighboring region. In the field of public governance, we are providing knowledge and skills through training programmes in Japan, in connection with municipal government administration, accountant's inspection of public works projects, governmental personnel management, and police administration.

While taking full account of the diversity of the MENA region, we attempt to provide finely tailored cooperation that fully respect the culture and traditions of each region and that never attempts to impose specific values or institutions on people.

(4) Conclusions

The MENA/OECD initiative has so far borne fruit in a ministerial declaration in the field of investment and the formulation of country-specific plans of action for investment and public governance. Japan highly appreciates these results, and we promise that we will continue to work together in the future.

The Middle East and North Africa is a region which since ancient times has had rich civilizations and traditions. Its civilizations were conveyed to Europe, giving rise to the Renaissance. It would seem that this region has now set out on the path to new integration centering on the economy and industry. I hope most sincerely that achievement of economic integration will enable the Middle East to become a yet more attractive region that will continue to fascinate people everywhere.