2005 Policy Dialogue on Corporate Governance in China

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Opening remarks by Louis Bouchez
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Ladies and Gentleman,

1. It is a great honor to me to join Mr. LIU Shijin, Vice-President of the development Research Center, to welcome you all here today for the 2005 Policy Dialogue on Corporate Governance in China. I would like to thank the Enterprise Research Institute of Development Research Center for co-organizing this event with the OECD, and the Shanghai Stock Exchange for its co-operation.

2. After last year's first Policy Dialogue on Corporate Governance in China in Shanghai, today's meeting confirms the sustained relation between China and the OECD in the area of corporate governance policy development. A relation which builds on a two-way policy dialogue between institutions, including the Enterprise Research Institute, the Shanghai Stock Exchange, the SASAC, the CSRC as well as several Chinese universities and the OECD member countries. This relation is embodied by the institutions' people who regular meet to exchange views and ideas, both here in China and in Paris at the OECD Secretariat.

3. During last year's consultation meeting in Paris the SASAC and the Enterprise Research Institute were among those who actively contributed to the drafting of the OECD Guidelines on Corporate Governance of State Owned Enterprises (the Guidelines). The new Guidelines are complementary to the OECD Principles on Corporate Governance which focus on listed companies. We are proud to present the Guidelines here today in China for the first time in their final, printed, form, after their endorsement by the OECD member countries last month. The Guidelines may well function as a reference source in today's meeting and the future work on corporate governance of state owned enterprises in China.

4. It is quite relevant that it is indeed China where the Guidelines are presented first. Reasons for this being, amongst others, the size and significance of state owned assets in the Chinese economy, and the very substantive reforms undertaken by the Chinese government in this area recently, the most important probably being the setting up of the State Assets Supervision and Administration Commission (SASAC), two years ago.

5. It is important for the OECD member countries to understand and fully appreciate the depth and scope of Chinese reforms in corporate governance.

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The presence today of representatives from seven OECD member countries is clear evidence thereof.

6. Considering the continuing integration of economies globally, and more specifically in Asia, as well as the tendency towards regional convergence of legislative and regulatory frameworks we are happy to also welcome our guests from two other Asian countries who will share their experiences on corporate governance of state owned enterprises with us today.

7. The relevance of corporate governance of state owned enterprises is also underlined by a new initiative of the Asia Roundtable on Corporate Governance (the Roundtable). Since its inception in 1999 China has been an active participant in the Roundtable. And we therefore highly appreciate that China will host tomorrow the first meeting of the Roundtable's 'Task Force on Corporate Governance of State Owned Enterprises'. The Task Force intends to draft policy recommendations on corporate governance of state owned enterprises in Asia based on a background paper. The Task Force will report back to the Roundtable at its next meeting in September later this year in Indonesia.

8. The challenge for today's meeting will be to identify key issues which need further concrete follow up from the participants. Follow up which ideally leads to tangible results such as those from last year's Policy Dialogue on Corporate Governance in China, in Shanghai. And follow up which no doubt will trigger further active policy dialogue between the relevant constituencies within China and the OECD member countries.

9. Let me conclude by expressing the OECD's continuing commitment to actively support our Chinese counterparts in developing a corporate governance policy framework that not only implements sound legislation and regulation, but, keeping in mind the new Chapter on implementation and enforcement in the revised 2004 version of the OECD Principles on Corporate Governance, also seeks to enforce the same.

Thank you for your attention.

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