



6th Meeting of the Eurasia Corporate Governance Roundtable

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Enforcement of Corporate Governance Rules

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Opening Remarks

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1. Distinguished guests, ladies and gentlemen, good morning. It is a great honour to be here to address opening remarks on behalf of the OECD for this important conference. I would first like to express our gratitude to the *Federation of Euro-Asian Stock Exchanges* for co-hosting and co-organising this conference. I would also like to thank the *World Bank*, the *Global Corporate Governance Forum*, *United Nations Development Programme*, and the *Government of Japan* for their helpful support to the conference. Also importantly, I would like to thank the *Corporate Governance Association of Turkey*, the *Istanbul Chamber of Commerce*, and the *Istanbul Stock Exchange* for welcoming us to this attractive city of historical heritage.

2. I would also like to thank all of you for taking the time out of your very busy schedule to be here with us today, also considering the long and exhausting trips some of you had to make to get to Istanbul, and to share with us how seriously your countries are taking corporate governance improvement.

3. In this meeting, the countries involved are not only the traditional participants from Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Moldova, Ukraine, Uzbekistan, but also, thanks to invitations of the *Federation of Euro-Asian Stock Exchanges*, we have for the first time participation of Jordan, Iraq, Oman, Palestine and United Arab emirates. While we will not focus specifically on their experience at this meeting, we welcome them as guests and hope that they can gain insight from discussions today, and would also like to invite their involvement in the future meetings of the *OECD-Middle East North Africa Working Group on Improving Corporate Governance*, which will meet later this year. Finally, this meeting also brings together participants from several OECD countries and international organisations, providing a platform to discuss and identify the main challenges and priorities ahead and to solicit their involvement and support of specific future initiatives that Eurasian participants may wish to identify.

The Eurasian Roundtable

4. As you remember, the Eurasian Roundtable was launched in Kyiv in the year of 2000. Since then, efforts to improve corporate governance in the region have taken important steps forward. Many of the main players, who have been behind this endeavour, are, in fact, present in this room today. After four years of intensive discussion, the Roundtable has published its main output, the *Comparative Overview* paper of corporate governance in Eurasia.

5. The *Overview* paper acknowledges the significant progress and achievements, but also the important challenges, which remain. Indeed, it is often difficult for companies and investors to implement better corporate governance while the supporting institutions of good corporate governance in the region are still developing. I hope that this *Overview* and today's discussion will help us on the way ahead and identify options for continuing the work of the Roundtable, with more concrete and focused initiatives devoted to crucial, specific challenges commonly shared in the region. In so doing, the OECD will be happy to support such initiatives.

Recent Work of the OECD

6. I would like to take this opportunity to introduce three areas of recent and ongoing work of the OECD in terms of corporate governance. First, following the revision of the *OECD Principles of Corporate Governance* in 2004, which are regarded as one of the most influential guides with widely accepted best practices within OECD member countries, the OECD has started to develop what is called as *Assessment Methodology*. This *Assessment Methodology* is expected to underpin an assessment of the implementation of the *OECD Principles* in a jurisdiction and to provide a framework for policy discussion.

7. Second, the Ministerial Meeting of the OECD agreed on the *OECD Guidelines on Corporate Governance of State-Owned Enterprises* last year. State-owned enterprises represent a substantial part of GDP, employment and market capitalisation in some OECD countries as well as in non-OECD countries. The *Guidelines* are intended to provide general advice that will assist governments in improving corporate governance and performance of state-owned enterprises. (As you will have seen from the agenda, this will be the main topic of the joint meeting of this and the South East Europe Roundtable tomorrow.)

8. Last but not least, dialogue with non-OECD countries is further developing. Five regional Roundtables including the Eurasian Roundtable have been actively functioning as regional forums assembling policy makers, regulators, academics and experts from private bodies and NGOs. Furthermore, the OECD has started to work on several specific topics relevant to the challenges facing OECD as well as non-OECD countries. Considering the dominant position often occupied by a number of relatively large, but nevertheless **non-listed** companies within many economies, discussions to improve the corporate governance of non-listed companies have started since last year. Similarly, reflecting the relatively weak function of judicial systems in many countries, a working group is expected to have its first meeting in which experts will discuss the possibilities to utilise **alternative dispute resolution mechanisms** in mitigating conflicts involving corporate governance.

Conclusion

9. I would like to conclude by noting that, improving corporate governance is now considered to be one of the top priorities throughout OECD countries and non-OECD countries in addressing rapidly changing economic and business environments. As good corporate governance is evolutionary in nature, discussions on the improvement of corporate governance are still going on, and more people are getting involved in such discussions all over the world.

10. It seems to me that many countries in the Eurasian region, which had experienced difficulties following drastic changes in the 90's, have already stepped forward to the stage of rapid economic growth. Some countries have even achieved double-digit growth in their GDPs in 2004. In the context of growing economies, good corporate governance is of vital importance, in order to help ensure that the growth is sustained and stable.

As you are aware, tomorrow, the Eurasian Roundtable is scheduled to have a joint meeting with the *South East Europe Roundtable*. Throughout the meetings today and tomorrow, I look forward to fruitful and informative discussions on the interesting and relevant topics of enforcement of corporate governance rules, corporate governance of state-owned enterprises, and on the progress in corporate governance in the region. I would like to invite your active participation in the discussions, so that the main objective of this meeting can be achieved, namely to facilitate, support and inspire serious work within the region to improve corporate governance and promote efficient and transparent markets. These improvements will provide a basis for sustained economic growth, capital market development, foreign investment inflows, employment and a rising standard of living.

Thank you very much.