



Organisation for Economic Co-operation and Development

In co-operation with the World Bank Group

***The Fourth Meeting of the
Latin American Corporate Governance Roundtable***

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INTRODUCTORY REMARKS

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Co-hosted by:
Superintendencia de Valores y Seguros (SVS)

Inter-American Development Bank (IADB)

Mr. Minister, Ladies and Gentlemen; Good morning.

It is a great honour for me and also a pleasure to once again address, and to open on behalf of the OECD a meeting of the Latin American Corporate Governance Roundtable. The last time I had the opportunity to participate was at the meeting in Buenos Aires two years ago: a meeting and a city from which I have very positive memories.

Since that meeting, efforts to improve corporate governance in Latin America have taken impressive steps forward. And many of those that have been instrumental in that process are actually gathered in this room today. If the Roundtable in anyway has facilitated, supported or inspired you in your important work, I would, of course, be very pleased; and an important part of the Roundtable's objective would be fulfilled.

But regardless of what the Roundtable has contributed, I want to be crystal clear in my appreciation of all the hard work, that you all have carried out between our meetings and throughout the region. Numerous initiatives have been taken in individual countries, at government level, at regulatory level and among an array of private sector groupings. When we started in Sao Paulo three years ago, the work of the Brazilian Institute of Corporate Governance, for example, was still at an early stage and Bovespa was just contemplating the idea of a quality listing. Today, the Brazilian Institute is an established organization and the Novo Mercado a reality that has gained worldwide interest. These are just several examples and the list could be made much longer if I recapitulated similar efforts in Chile, Argentina, Bolivia and Peru.

In pursuing these initiatives, I invite you all to consider the Latin American Roundtable as a resource. As a platform where participants from within the region and from outside the region can convene to exchange experiences, to explore ideas and possibly to develop further co-operation. It is for this reason that we, at the organizing end, always have encouraged broadest possible participation and the arranging of events that take place back-to-back. A good and concrete example of this is the Network of Latin American Institutes of Corporate Governance that met yesterday. In their meeting yesterday, I understand that they planned further activities and also fine-tuned the details for a directors' training programme this summer.

The main purpose of this Roundtable meeting is to go through a final draft of the Latin American Corporate Governance White Paper. The development of this document has been an impressive process. Not only because of the relevance of the analysis and the recommendation that are included in the paper; but also because of the quality of discussions we have; and the commitment to a co-operative, consensus based effort to advance the corporate governance agenda. This testifies that regulators and important parts of the business community in Latin America take the quality of corporate governance seriously.

And this is the appropriate approach to take. It is becoming increasingly evident that while business may be local, the criteria for financing and the requirements for corporate governance practices that follow are now measured on a global scale. Participants to this Roundtable have recognized and assumed this challenge. Standing on the sideline is just not an option if Latin American business is to enjoy the opportunities that follow from increasingly sophisticated and global financial markets that provide an ever-growing pool of potential investors. And with investment follows economic growth. This is a longstanding and well-established truth that has made improved corporate governance an important public policy priority in many countries.

As you are all aware, the OECD is also organizing Corporate Governance Roundtables for other emerging and transition economies. And they have all decided to issue their own White papers. The first Roundtable to do so was Russia. Just as in Latin America, the process of developing that document triggered a string of different initiatives and in many respects deepened the co-operation

between Russia and the OECD. Next Monday in Paris we will have the opportunity to meet with the Head of the Russian Securities Commission, Mr. Kostikov, to discuss the next concrete steps for our co-operation in the area of corporate governance.

In late March, the Asian Roundtable met in Kuala Lumpur to finalize the Asian White Paper, which will be officially launched in Tokyo on the 10th of June.

More information about these Roundtables, as well as the wealth of papers and presentations that have been submitted during their existence, are available on the OECD website www.oecd.org/daf/corporate-affairs/.

But corporate governance is not only an issue for emerging and transition economies. Developments over the last couple of years have provided ample evidence that improving corporate governance should be a concern also for the most advanced markets. And this is why the OECD countries at last years OECD Ministerial meeting focused their discussions on corporate governance and market integrity. One concrete outcome was a request to revisit the OECD Principles of Corporate Governance; to assess the implications of recent events and to ensure that they remain relevant and useful.

Sherman Boone, who is the US representative to the OECD body responsible for this work, will tell us more about the process and direction of this work in the next session. And while it is still too early to draw any conclusions from their work, I am sure that Sherman will agree that the experiences and findings of this and other Roundtables have already inspired the discussions and given the OECD group a lot of constructive input. One example is the importance that this Roundtable has given to credible and effective minority protection in corporations with highly concentrated ownership. While concentrated ownership is not necessarily a bad thing, market integrity requires that minority shareholders have sufficient rights to protect their interests. Another example is the call to give further attention to the ability to actually implement and enforce national laws, regulations and codes. This puts the focus on the capacity and resources of supervisory agencies, enforcement bodies and the judiciary. We will be discussing these matters later today.

The feedback from the Roundtables is a concrete example of another key reason why the OECD promotes this Roundtable; namely to facilitate full Latin American participation in the international corporate governance policy-dialogue and in particular, to the ongoing assessment of the OECD Principles. As said before, financial markets are becoming more and more global and a necessary response is to include as many countries as possible in the discussions about future global standards and principles.

The issue of effective implementation and enforcement is one that I find particularly interesting and important. Because more important than drafting and issuing any White Paper or Principles is using them, putting the standards and recommendations into effect. This requires a dialogue on viable policy-options that are tailored to fit various legal and economic contexts. An exchange of experiences among colleagues and peers from different countries is therefore essential and I see such a discussion on policy-design, implementation and enforcement as the natural next step of this Roundtable, once the White Paper is completed.

In addition to the input they receive by participating in the Roundtable meetings and reading the White Papers, Sherman and his colleagues in the OECD Steering Group on Corporate Governance will engage in November in an extensive and direct consultation with representatives from non-OECD countries. Alyssa Machold, from the Global Corporate Governance Forum will tell us more about that meeting later. I hope that many of you will be able to join us in November together with Roundtable participants from other regions.

Last but certainly not least I would like to extend the greetings of Mr. Bernard Pasquier who is the Latin American Director of the International Finance Corporation, of the World Bank Group. Bernard was not able to make it for this opening session but will join us later. All of you know that the IFC has played a central role in organizing and driving this Roundtable forward. In particular, I

would like to mention Mike Lubrano whom many of you know from years back. His dedication and commitment cannot be overestimated. We at the OECD are extremely fortunate and very proud to be working together with the IFC and the World Bank.

Importantly, I would also like to thank our generous co-hosts, the Chilean Securities Commission, SVS and the supporting organisations: SOFOFA, the Inter-American Development Bank and the Global Corporate Governance Forum. Together with all of you who participate, they play an important role in making the Latin American Roundtable what it is.

I look forward to a most interesting and informative meeting, which will not only conclude the drafting of the White Paper but also launch a new and important phase in the work of the Latin American Corporate Governance Roundtable. Once again, welcome to the Roundtable and many thanks for attending.