



SIZE AND SECTORAL DISTRIBUTION OF STATE- OWNED ENTERPRISES

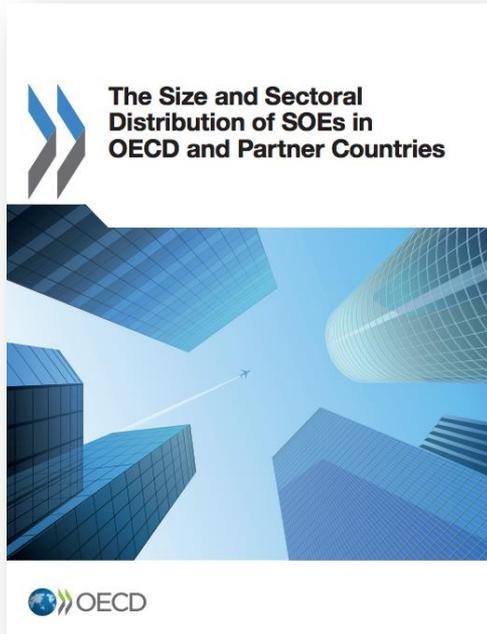
MAIN FINDINGS OF THE LATEST REVIEW

Presentation to OECD Steel Committee on 28 September
2017

Korin Kane, Policy Analyst, Corporate Affairs Division,
OECD Directorate for Financial and Enterprise Affairs



Background on the SOE dataset



- Third edition of a recurrent review of the characteristics of national state-owned enterprise sectors, by the Working Party on State Ownership and Privatisation Practices.
- Covers 40 countries, mainly in the OECD area but also, for the first time, Argentina, Brazil, China, India and (partially) Saudi Arabia.
- Examines the size of SOEs – by company value and employment – and their distribution by sector and corporate form.
- Also examines state minority shareholdings in listed companies, including an inventory of individual enterprises.



Methodology and definitions

- Based primarily on self-reporting by national authorities (or, in some cases, institutions) through a questionnaire requesting value and employment figures for SOEs, aggregated by both sector and corporate form.
- Information on listed companies – which includes enterprise-specific details – is based on, or has been verified through, the external database FactSet.
- Definition of “SOE” uses the scope of applicability of the *OECD Guidelines on Corporate Governance of State Ownership Enterprises*, which is based on entities’ corporate forms, commercial orientation and degree of state ownership and control.



Snapshot of main findings

- Taking China aside for a moment, governments in the sample area are the full or majority owners of **2 467 commercially-oriented enterprises** valued at USD 2.4 trillion and employing over 9.2 million people.
- In China alone, the central government owns **51 000 SOEs**, valued at USD 29.2 trillion and employing approximately 20.2 million people.
- Governments in the sample area (outside of China) hold **minority shareholdings** in 134 listed companies valued at USD 912.3 billion and employing 2.8 million people. While not considered SOEs *per se*, minority shareholdings can provide insights into the changing landscape of state involvement in the corporate economy.



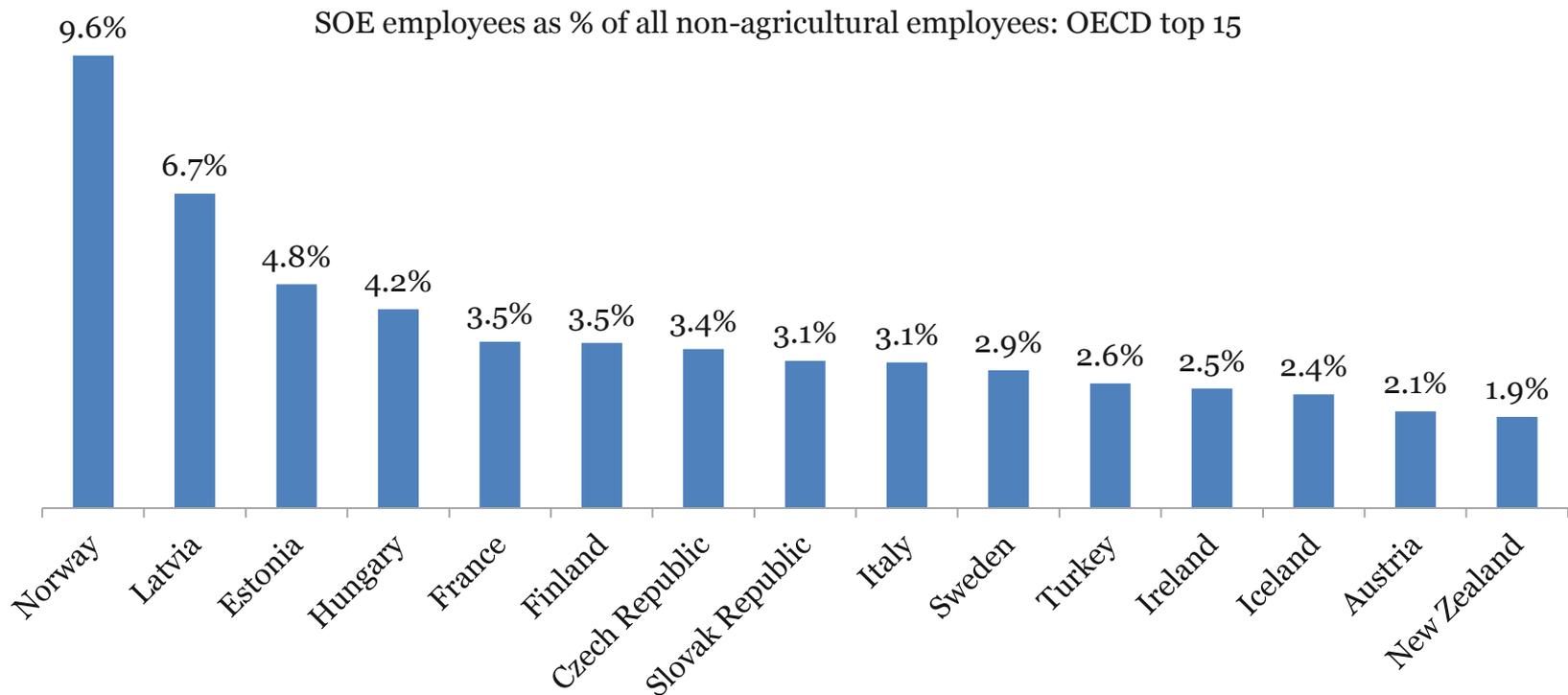
Largest SOE sectors in emerging market and post-transition economies

- As measured by numbers of SOEs, China has the largest SOE sector (51 000 SOEs).
- This is followed by Hungary (370 SOEs), India (270), Brazil (134), the Czech Republic (133), Lithuania (128), Poland (126) and the Slovak Republic (113).



SOEs represent on average 2-3% of national employment in OECD area

Among OECD countries, the largest SOE sectors **as a percentage of employment** (a more useful comparison than by absolute values) are found in Norway, Latvia, Estonia, Hungary, France, Finland, the Czech Republic, the Slovak Republic and Italy.

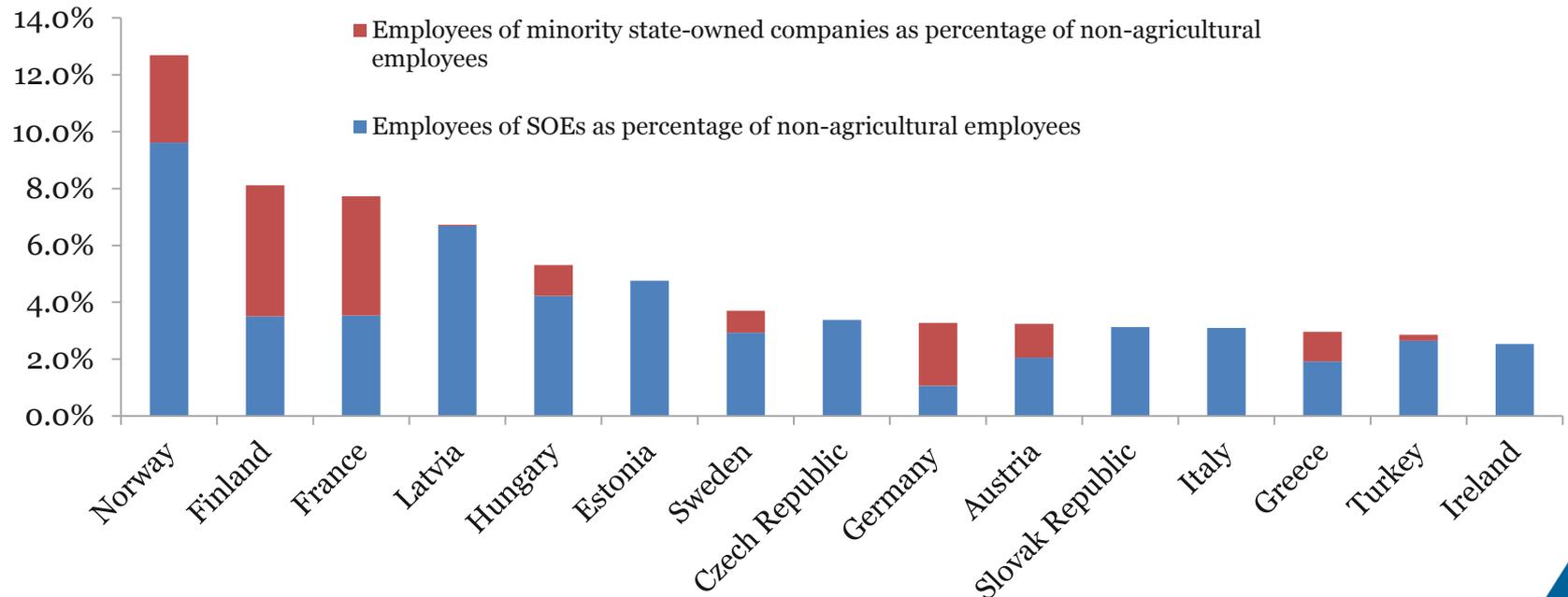




Employment share rises when minority shareholdings are included

When the analysis is expanded to include **minority-owned listed companies**, employment share rises considerably in some countries (e.g. Norway, Finland and France). Germany and Greece replace Iceland and New Zealand in the league table.

Employees of SOEs and state minority-owned companies as % of national employment: OECD top 15

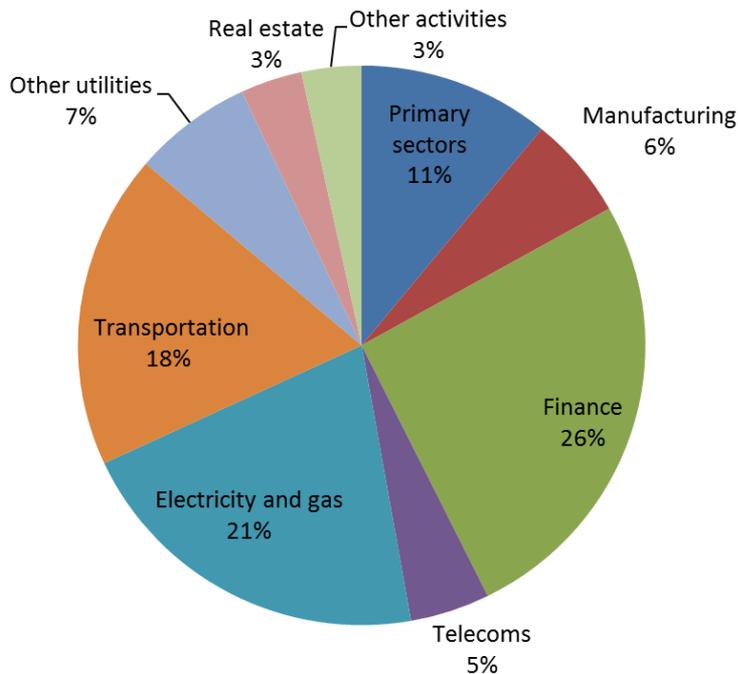




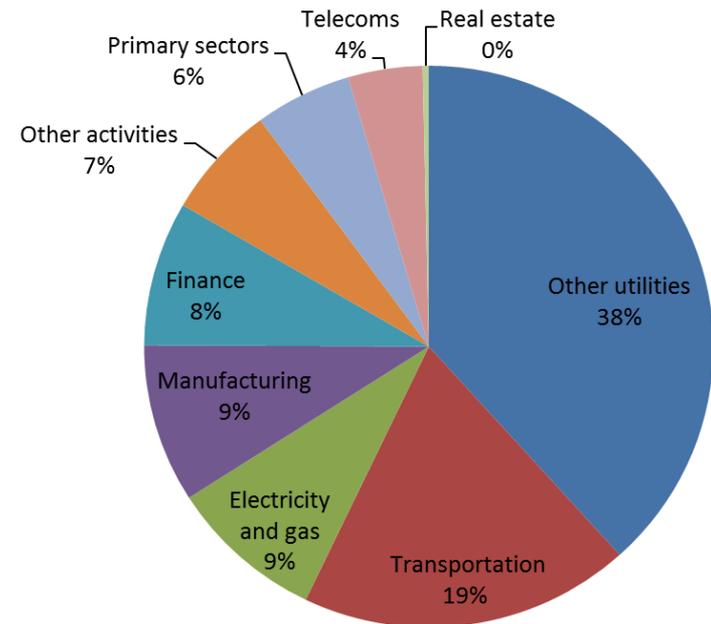
SOEs are highly concentrated in the network industries

The electricity and gas, transportation, telecoms and other utilities sectors account for 51% of all SOEs by value and 70% by employment. Finance is the largest individual sector, at 26% of SOEs by value.

Sectoral distribution of SOEs by value



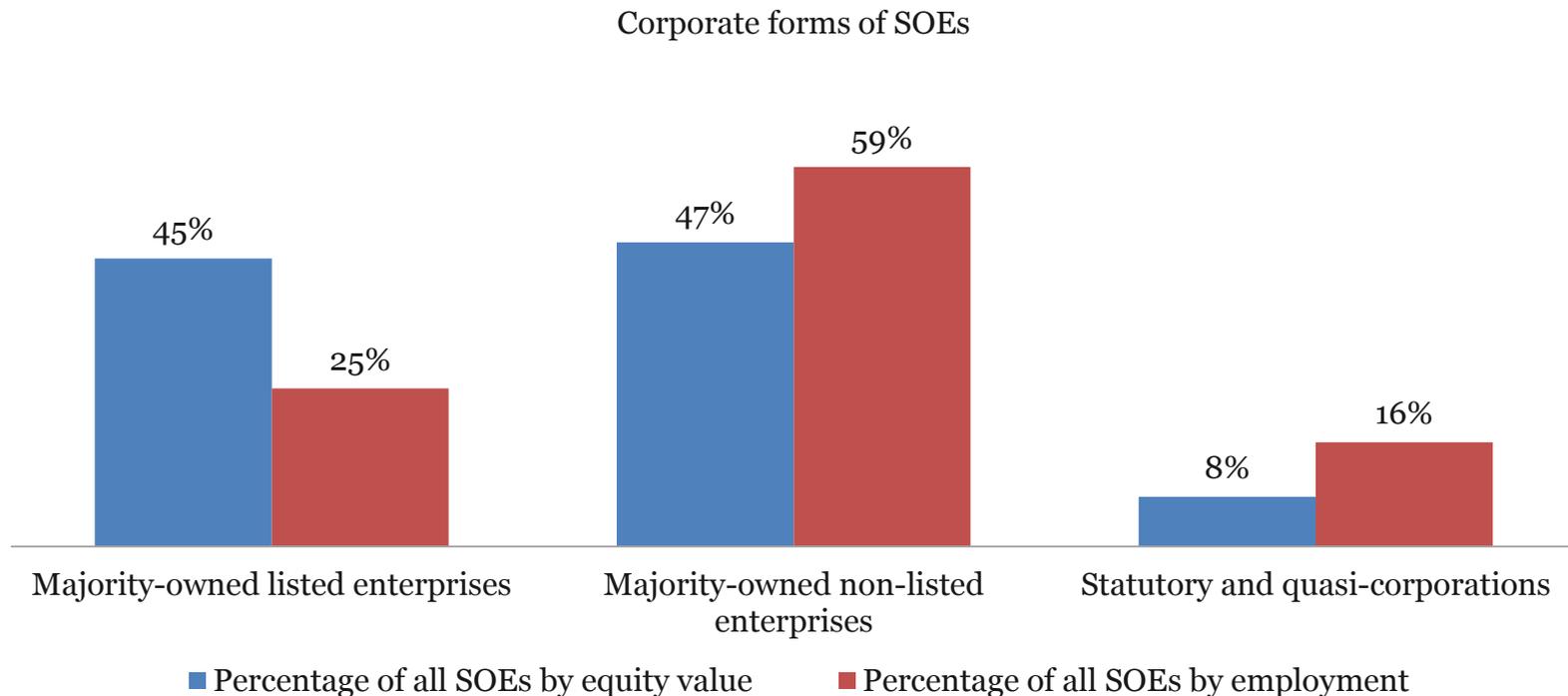
Sectoral distribution of SOEs by employment





Fully incorporated entities are the predominant corporate form

Most SOEs (92% by value and 84% by employment) are **incorporated according to companies law** and thus generally subject to same laws and regulations as private companies. About half of those companies by value are listed on a national stock exchange.

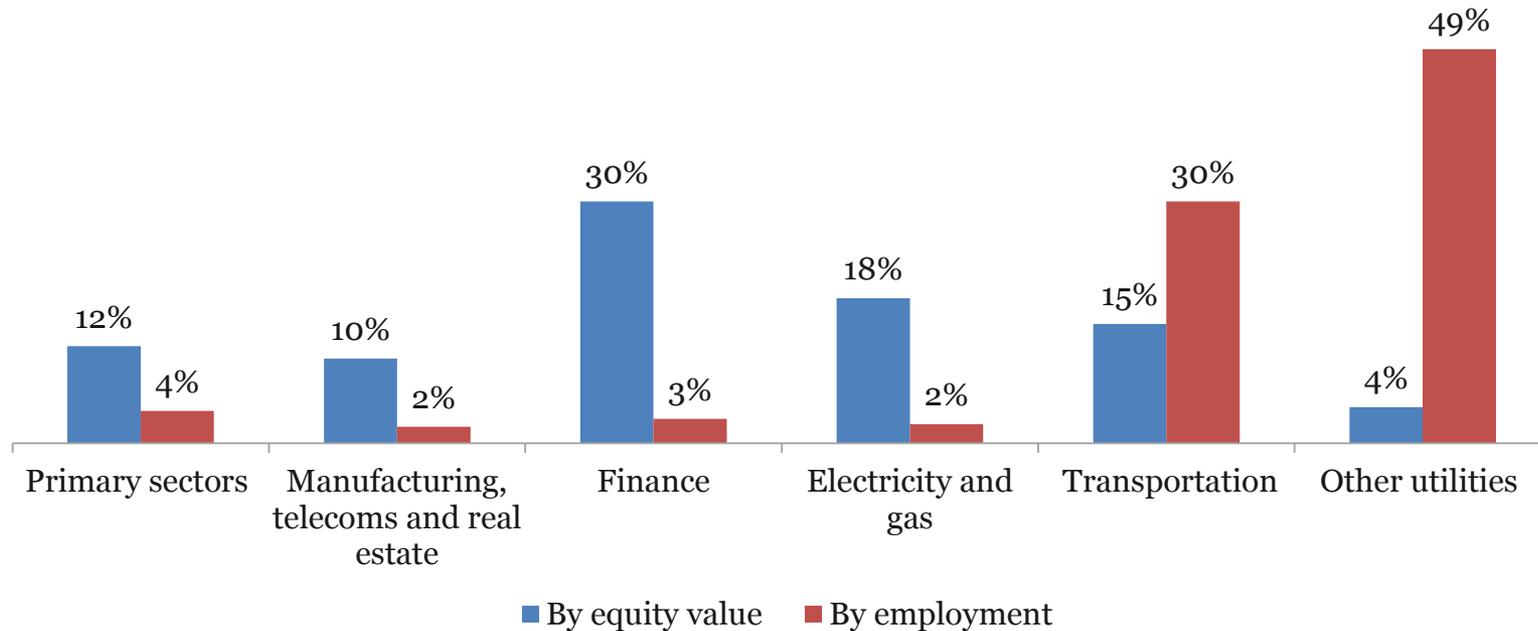




Statutory SOEs more concentrated in transportation and other utilities

Statutory SOEs are slightly more concentrated in the **transportation and other utilities** sectors. These sectors account for 79% of all statutory SOEs by employment, compared to 53% of all fully corporatised SOEs.

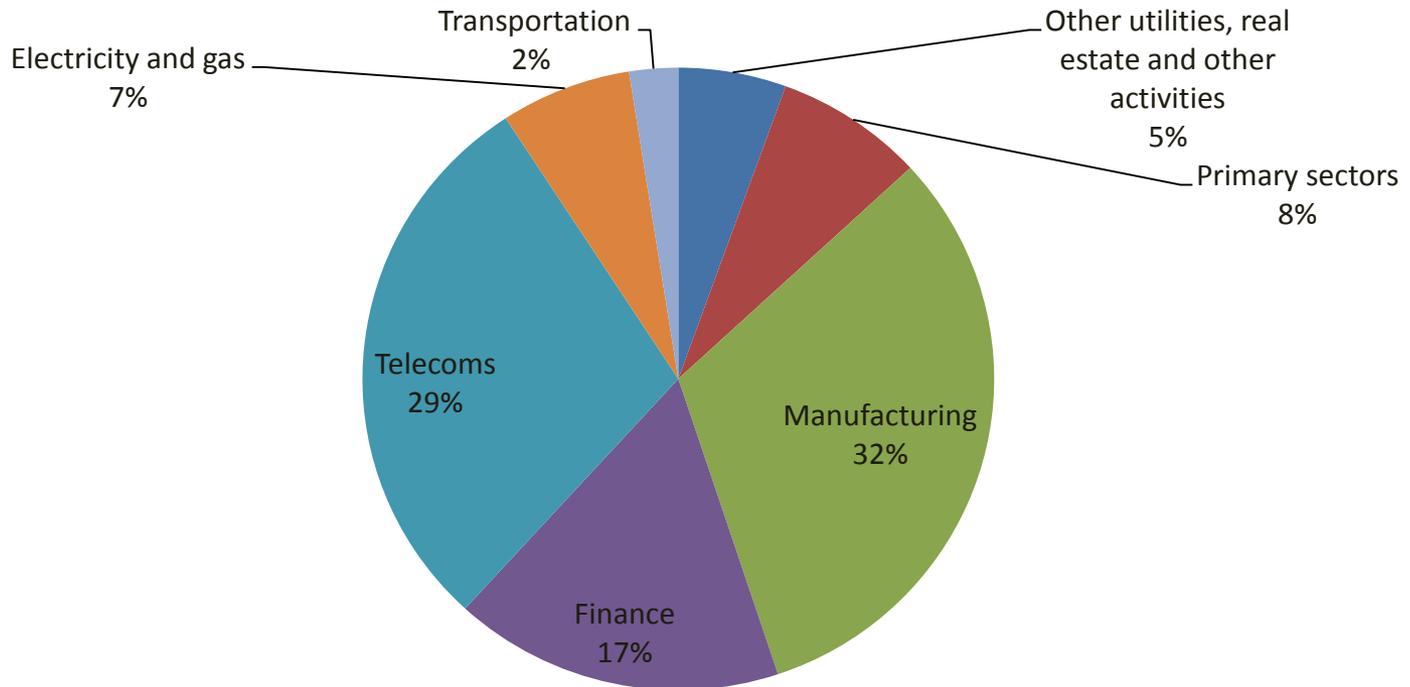
Sectoral distribution of statutory SOEs





State minority shareholdings

Most **state minority-owned companies** by value are found in the manufacturing sector (32%), followed by telecoms (29%) and finance (17%). Minority shareholdings could indicate intent to relinquish state control in these sectors or temporarily shore up failing companies.





More information

For more information, visit
www.oecd.org/daf/ca/soemarket.htm