Business at OECD welcomes the opportunity to contribute to the discussions on the future program of work early in the process. The increased presence of SOEs in the global marketplace has given rise to concerns about a level playing field and calls for determined OECD work in this area. We welcome the general direction of the proposed work program, which can make an important contribution to ensuring an open and non-discriminatory business environment and supporting continued structural reforms.

In this context, we strongly recommend to work closely with other parts in the OECD, including in the areas of trade, investment, competition, governance and anti-corruption to ensure a global level playing field for companies that are active internationally. We also congratulate the OECD on the excellent chapter on “trust and the level playing field – the evolving state ownership”, which has been included in the 2019 OECD Business and Finance Outlook.

We appreciate that in line with the strategic orientations of the OECD, the program of work underlines the need to broaden adherence and ensure effective implementation of OECD standards, including the OECD Guidelines on Corporate Governance of SOEs and the Anti-Corruption and Integrity Guidelines, which were approved at this year’s OECD Ministerial Council Meeting.

Given the increasing importance of SOEs, which today account for one fifth of the world's largest companies, and the special role they play in certain non-member economies, additional adherence to related OECD instruments should be a top priority. The OECD Working Party should therefore play an active role in the next round of the enlargement discussions.

1. **Monitoring and supporting the implementation of the SOE Guidelines**

Business at OECD has consistently underlined the importance of effectively implementing the SOE Guidelines. We therefore welcome the fact that the proposed program of work prominently calls for a strong effort to ensure the implementation of the Guidelines, recognizing the current lack of a formal process to assess the implementation of the Guidelines.

We call on the Working Party to look at best practices in other committees, such as the OECD Working Group on Bribery, which has a rigorous peer review process in place for the implementation of the Anti-Bribery Convention, but also the Working Party on Responsible
Business Conduct, which carries out regular peer reviews of National Contact Points to the OECD Guidelines for Multinational Enterprises.

As a first step, and to ensure credibility of the process, it is important that the Guidelines are effectively implemented in OECD member countries. As a second step, we support close cooperation with non-member countries and additional adherence to the SOE Guidelines, in particular non-OECD G20 countries, given the importance of SOEs outside of the current OECD membership. The Guidelines should also play an important role in the accession discussions, and future accession countries should be actively involved.

We support both proposed options for next steps, i.e. reviews of adhering countries and thematic peer reviews, covering if possible a representative group of countries to ensure comparability. In addition, the proposed peer reviews should be followed by concrete action plans featuring clear deadlines for individual SOEs and/or the sectors in which the SOEs operate to follow up on the recommendations.

2. Monitoring and supporting the implementation of the ACI Guidelines

Business at OECD strongly supported the development of the Anti-Corruption and Integrity Guidelines, which are a unique instrument offering states support in fighting corruption and promoting integrity in SOEs. We congratulate the OECD both on the background analysis carried out on corruption risks in the SOE sector and the ACI Guidelines.

We appreciate the fact that the Guidelines are underpinned by an OECD Council instrument, which should lead to an effective and regular review process of implementation. We strongly support a process of national reviews as well as continued dialogue and sharing best practices in this important field. As also highlighted at the SOE Anti-Corruption Day, we appreciate the close cooperation with other parts of the OECD, including OECD public governance and anti-corruption experts.

The emphasis must now be on implementation. In this context, we welcome the decision to develop an implementation guide to help countries implement the recommendations on the ground. We recommend making the guide very practical and include real-life examples of good practices, lessons learned as well as “questions and answers.” For the latter, it might be useful to look at the OECD due diligence guidance for responsible business conduct, which includes an annex with examples, questions and explanations to provide selective illustrations of the recommendations of the guidance.

We also underline the importance of setting up a platform for capacity building, exchange of best practice and discussion with the private sector, the promotion of integrity pacts, compliance programs, stakeholder engagement as well as high-level reporting mechanisms.

With regard to possible sectoral guidelines supplementary to the ACI Guidelines, the Working Party should look at best practices and lessons learned to ensure that additional work in this area is broadly supported.
3. **Beyond the Guidelines: developing new analysis and guidance**

We appreciate that the OECD is considering new work areas, paying increased attention to issues such as the green economy, gender issues, and responsible business conduct.

With regard to gender, we recommend also considering a broader notion of diversity and inclusion (e.g., one could consider employees with different nationalities, religions, age groups etc.).

Responsible business conduct is closely related to the issue of “trust” and should be addressed through effective implementation of relevant OECD instruments as well as practical steps, such as disclosure of the company’s commitment to integrity and the existence of internal procedures. We welcomed the focus on SOEs in recent discussions at the Trust in Business Forum.

We also appreciate the reference to the role of auditing and financial controls and strongly recommend the exchange and development of good practice in this area. We highlight the importance of the International Financial Reporting Standards and International Standards of Auditing, which would also help promote a level playing field for SOEs internationally and in comparison with private/listed companies.

On knowledge sharing, we underline the importance of continued OECD work to analyze the evolving SOE landscape, characterized among others by increasing internationalization and a stronger push towards mixed ownership of SOEs. We see an important role for the OECD as a knowledge center for SOE information and providing a comprehensive mapping of the SOE landscape in OECD and partner countries and regions. A regular update or “factbook” would be extremely valuable.

In case the Working Party decides to develop analysis and good practices in the field of pension funds and sovereign wealth funds, it would be useful to draw on the previous work on SWFs by the Investment Committee.

4. **Privatization and divestment**

We appreciate the activities by the Working Party that are intended to help improve practices for privatization and congratulate the OECD on the publication of the guide for policy makers on privatization.

We call upon the OECD to continue the process of reviewing developments and sharing experience in this area. Key issues to be addressed include among others: how to ensure integrity and professionalism of the process of privatization; how to attract private capital and develop efficient business planning; and the necessary pre-privatization work to adjust SOEs to the relevant corporate governance standards.
5. Additional issues to be reflected in the program of work:

Global reporting standard for internationally active SOEs

The proposal for a voluntary global reporting standard for internationally active SOEs and their owners should be considered as a priority in the future program of work. Improving transparency is an important issue, and we have previously stated our support for the development of an OECD checklist in this area.

Disclosure should include details about the advantages SOEs may enjoy, including any state grants or subsidies received by the SOE, guarantees granted by the state to the SOE, etc. To ensure fair competition, it is important to have the full picture about both the direct and indirect advantages SOEs enjoy. Concrete follow up to and implementation of the global reporting standard, when finalized, should be an integral part of the future work program.