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STATE-OWNED ENTERPRISES IN THE SHIPBUILDING SECTOR

OECD SCIENCE, TECHNOLOGY AND INDUSTRY
POLICY PAPERS

February 2021 **No. 98**

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This paper was approved and declassified by the OECD Council Working Party 6 on Shipbuilding (WP6) on 26 November 2020, and was prepared for publication by the OECD Secretariat.

Note to Delegations:
This document is also available on O.N.E under the reference code:
C/WP6(2020)5/FINAL

State-owned enterprises in the shipbuilding sector

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Abstract

This paper uses firm-level data analysis to assess the extent, and the economic and policy implications of state-owned enterprises (hereafter SOEs) in the shipbuilding sector. Even though the available data appears to be limited in certain respects, one of the paper's key findings demonstrates that SOEs occupy a significant share in global ship completions, but are likely to operate with lower profitability rates and to be more highly leveraged than private enterprises. This report also presents a number of guiding principles to assess SOEs' behaviour and their potential impact on the shipbuilding market, such as good corporate governance frameworks and the principle of competitive neutrality. To provide a concrete comparative analysis of SOEs and their private counterparts, the paper examines a case-study comparing the Chinese central state-owned enterprise CSIC and its private counterpart Yangzijiang Shipbuilding.

Keywords : *Shipbuilding, State-owned enterprises, Industrial policy*

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1. Executive Summary

In market economies, a vast majority of commercial enterprises are privately owned as this type of company is usually perceived to be more efficient and to allocate scarce resources more effectively, thereby producing products at a lower cost for consumers. However, for various reasons some commercial activities are not performed by private companies but by public actors in some economies. Addressing perceived market failures is one of the reasons for governments to establish and maintain state-owned enterprises (SOEs). Moreover, SOEs sometimes have a broader social and/or societal mandate as they may provide for products and services for society at large.

Over the last decade, in some cases there has been an increasing tension between the extensive role that SOEs can play in several markets and the current international rulebook intending to establish competitive conditions between SOEs and private players and between domestic and international actors. Some experts consider that governments have a strong influence on SOEs' behaviour. For this reason, in some cases, SOEs' decision-making could be considered to be driven not only by economic factors but also by political considerations, which could distort international competitive conditions.

The current report aims to provide an overview of SOEs in the shipbuilding sector and intends to provide examples of the impact that they may have on international trade and competition. A first chapter explores the extent of SOEs in the shipbuilding sector and compares their economic performance with private enterprises. The analysis indicates that SOEs account for a significant share of global shipbuilding completions. In 2018, with the chosen definition for SOEs in this report based on majority ownership, 57 of the world's 177 shipbuilding companies were state-owned, representing about 35% of global ship production. The analysis further demonstrates that SOEs in the shipbuilding sector are likely to operate with lower profitability and higher levels of indebtedness compared to private enterprises.

A second chapter presents a number of international instruments that may act as guiding principles for SOEs' behaviour and aims to provide concrete examples of cases where SOEs seem to be treated differently compared to their private counterparts. The current report does not comment on the motives for establishing a SOE, as governments may have different rationales for specific activities to be carried out by SOEs.

Given that the concrete impact of a SOE's behaviour will always need to be assessed against the peculiarities of a concrete case, the report presents a case-study that compares a large SOE in the People's Republic of China (hereafter 'China') with a private counterpart. In this example, ownership alone appears to be insufficient to guarantee a level-playing field between different company types.

The overall conclusion of this report suggests that the institutional framework in which companies operate will be a more important determinant to explain their behaviour and performance than ownership status per se, but more research would be needed to draw conclusions for other jurisdictions than China.

2. State as a shareholder

As a basis for analysis, it is important to first establish the criteria to classify a company as a SOE. Empirical studies have typically operationalised SOEs differently and also within the WP6 there is no agreement between members on the definition of what constitutes a state-owned enterprise.

For the purposes of the current report, the following working definition is employed to conceptualise a state-owned enterprise: "*A state-owned enterprise is any corporate entity recognised by national law as an enterprise, and in which the state acts as ultimate beneficiary owner of the majority of the voting shares. This includes joint stock companies, limited liability companies and partnerships limited by shares. Moreover statutory corporations, with their legal personality established through specific legislation, should be considered as SOEs if their purpose and activities, or parts of their activities, are of a largely economic nature.*"

This definition is based on the definition agreed in the OECD Guidelines on Corporate Governance of State-Owned Enterprises (2015) and is in line with previous (OECD) large-scale work on state enterprises at industry and/or country levels as well as with the definition that was deployed in the previous version of the report on SOEs in the shipbuilding sector (2013)[1]. The advantage of employing the same definition of a SOE in the current report as in the SOE report of 2013 is that it will be easier to draw comparisons between these two reports and to assess how the impact of SOEs on the shipbuilding has evolved since then.

The Secretariat has opted to limit the definition of a SOEs to majority ownership by the state and not to expand it to company control by the state. Some WP6 members have nonetheless voiced the view that including a control dimension is likely to provide a more accurate view of the practical impact of SOEs in the shipbuilding sector. Indeed, the OECD guidelines include in the definition of a state enterprise an ownership as well as a control dimension ('any public entity that exercises a certain degree of control').[2] It is clear that including the control dimension potentially captures a higher number of companies that are directly or indirectly controlled by a public entity and may thus allow for a more comprehensive understanding of a company's governance structure and hence decision making process in practice. Moreover, by including a control dimenstion the temporary nature of the state ownership can also be taken into account. However, identifying (direct and indirect) control is very difficult and resource-intensive as no complete data are available (hence requiring data collection, screening and assessment) and is seldomly applied in large-scale empirical work. Unfortunately, extending the definition of a SOE to encompass control was not possible because of the Secretariat's limited resources either.

Therefore, the paper will limit its analysis to majority owned SOEs. For this reason, an enterprise is considered a SOE if the state ownership represents more than 50% of the shares, indicating a significant ownership link. In case it is not possible to unravel the percentage of state ownership in a company, other mechanisms are detected through which the state may effectively control the company. The definition of "state" used in this report is broad and includes central, local administrations, governmental agencies, and public financial institutions[3].

The ownership structure of a company - especially when the company is publically traded - can to a certain extent be retrieved from databases such as Orbis. This database illustrates that for most of the largest state-invested shipyards, the equity stake represents more than 50 percent of the shares. The biggest public shipyards will therefore provide a representative sample of the impact of SOEs on the shipbuilding market.

3. State-owned enterprises in the shipbuilding sector: overview and economic performance

The current chapter provides an overview of SOEs that are active in the shipbuilding sector and compares their economic performance with private shipbuilding companies.

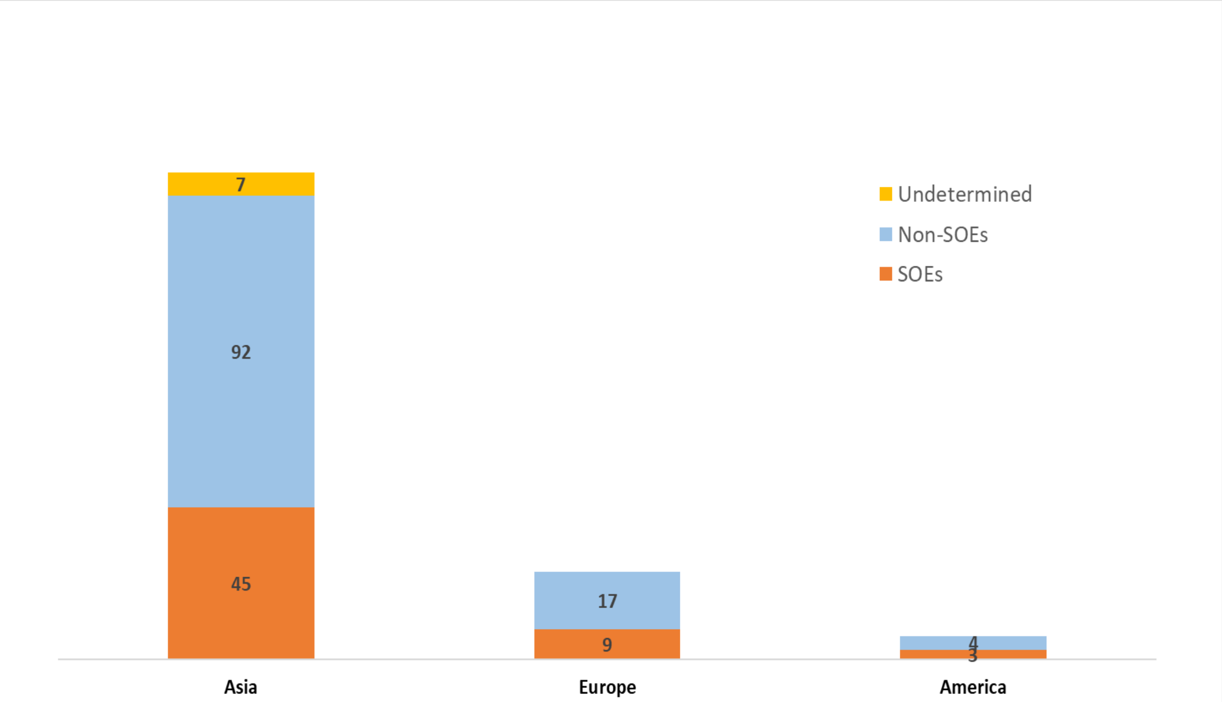
In order to collect data and perform an analysis of state-ownership in the shipbuilding industry, the report draws upon two commercial databases: Clarkson's World Fleet Register to collect information about the shipbuilders and ORBIS to discern financial and ownership indicators. A more detailed description of these databases can be found in the Annex. For this study, the Secretariat also relied on each company's website and on various press articles related to shipbuilding companies.

3.1. Overview of SOEs in the shipbuilding sector

In terms of compensated gross tonnes (CGT), the world's top 200 shipyards, excluding two yards for which information is not available, accounted for 94.4% of global completions in 2018, amounting to 30.1 million CGT[4]. These 198 shipyards belonged to 177 shipbuilding companies, some of which may be interrelated as companies of a larger company structure. The Secretariat conducted research to identify which share of these 177 companies is predominantly held by the state. Within these companies, 57 are state-owned (i.e. majority-owned by the state), producing 11.3 million CGT, equivalent to 35.3% of global completions in 2018.

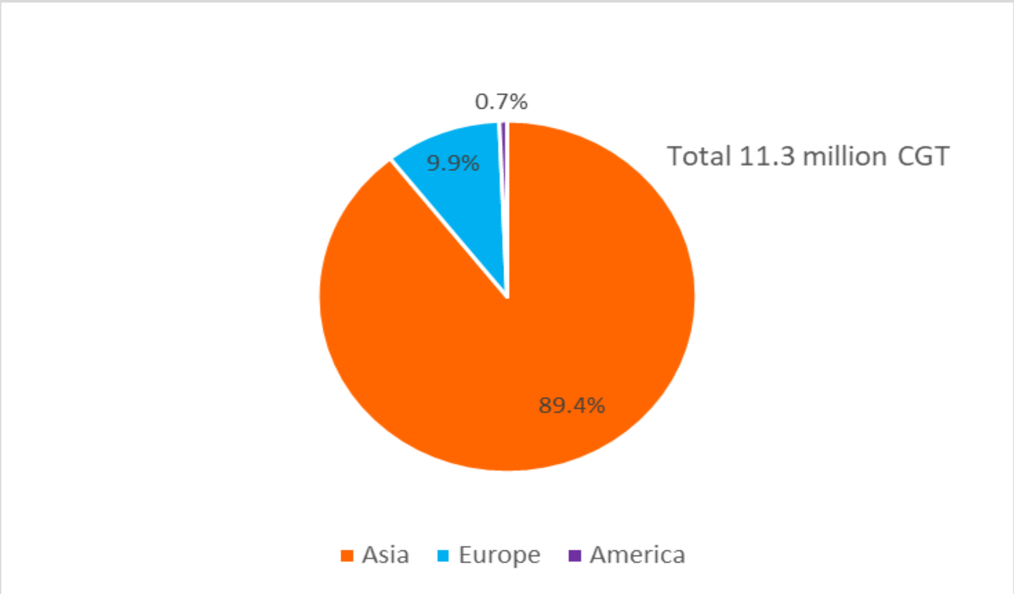
Figure 1 and Figure 2 show the geographical distribution of SOEs among the top 177 shipbuilders. As can be observed from the figures, the vast majority of SOEs is based in Asia, both in the number of companies and completions of seagoing vessels. About 85% of the SOEs are located in non-OECD countries, accounting for 65.2% of completions of the SOEs in 2018 (Figure 3).

Figure 1. Localisation[5] of shipbuilding SOEs and non-SOEs among the top 177 shipbuilders



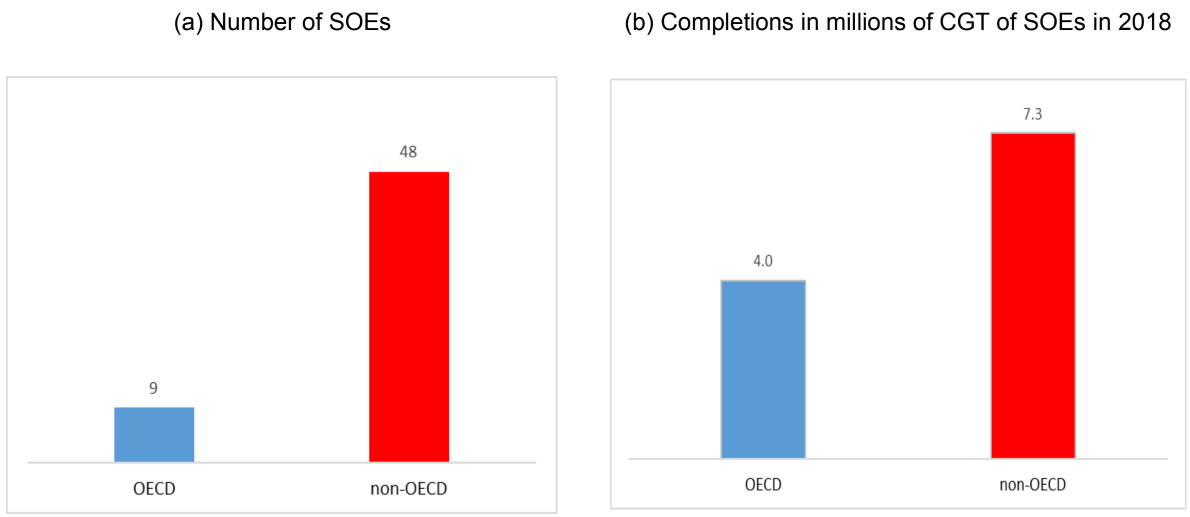
Source: OECD Secretariat based on data from Clarksons.

Figure 2. Ship completions of shipbuilding SOEs by selected regions in 2018



Source: OECD Secretariat based on data from Clarksons.

Figure 3. Number and ship completions of shipbuilding SOEs in the OECD and the rest of the world



Source: OECD Secretariat based on data from Clarksons.

3.2. Economic Performance

Several empirical studies conclude that if not well-governed in line with the OECD Guidelines, SOEs can be less efficient and flexible than their private sector counterparts, due to possible adverse incentives such as fewer budget constraints and lower shareholder pressure for returns (OECD, 2016). SOEs may also benefit from undue support measures by governments such as preferential financing, grants and subsidies. Accordingly, it is argued that SOEs – and their government owners – may not be driven by profit maximisation goals to the same extent as comparable privately-owned companies and may have less incentives to be efficient with their corporate borrowings due to perceived or actual government guarantees, as compared with private companies.

This section assesses the business performance of SOEs compared to private companies among the top 177 shipbuilding companies mentioned in section 1.1. To conduct this analysis, the Secretariat gathered financial indicators from 2009 to 2017 of these companies from the ORBIS database. As a caveat one needs to remark that this database lacked certain data inputs[6]. Therefore, the sample had to be reduced in function of data availability.

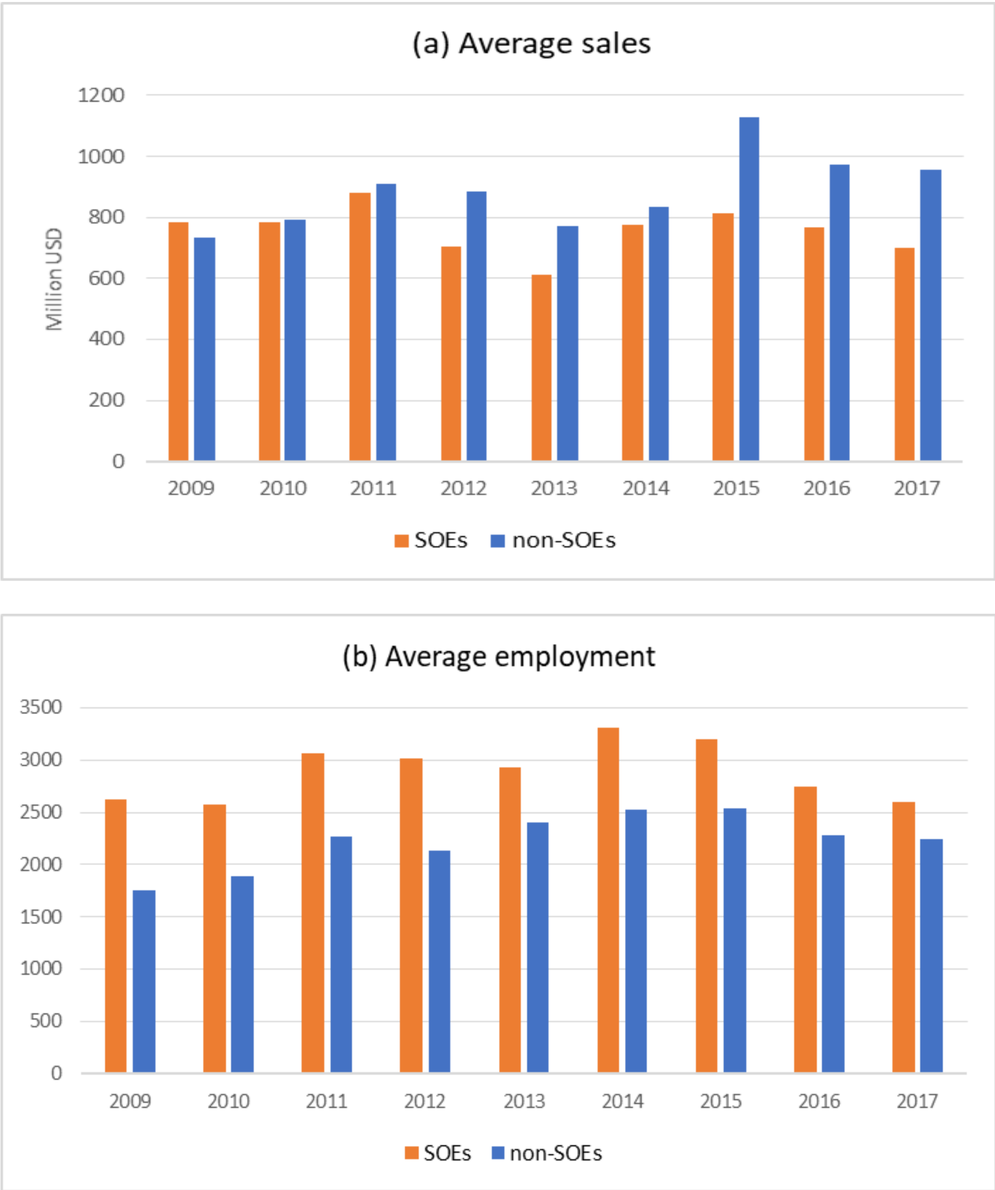
Sales and employment

The average sales of non-SOEs has been higher than that of SOEs for the time period between 2012 and 2017 (Figure 4.A). On the other hand, the average number of employees in SOEs has been about 1.3 times higher than that of non-SOEs in the period 2009-2017 (Figure 4.B).

Figure 5 shows the distribution of SOEs and non-SOE in terms of sales and number of employees in 2017. In 2017, the average sales per employee was two times higher for non-SOEs than for SOEs.

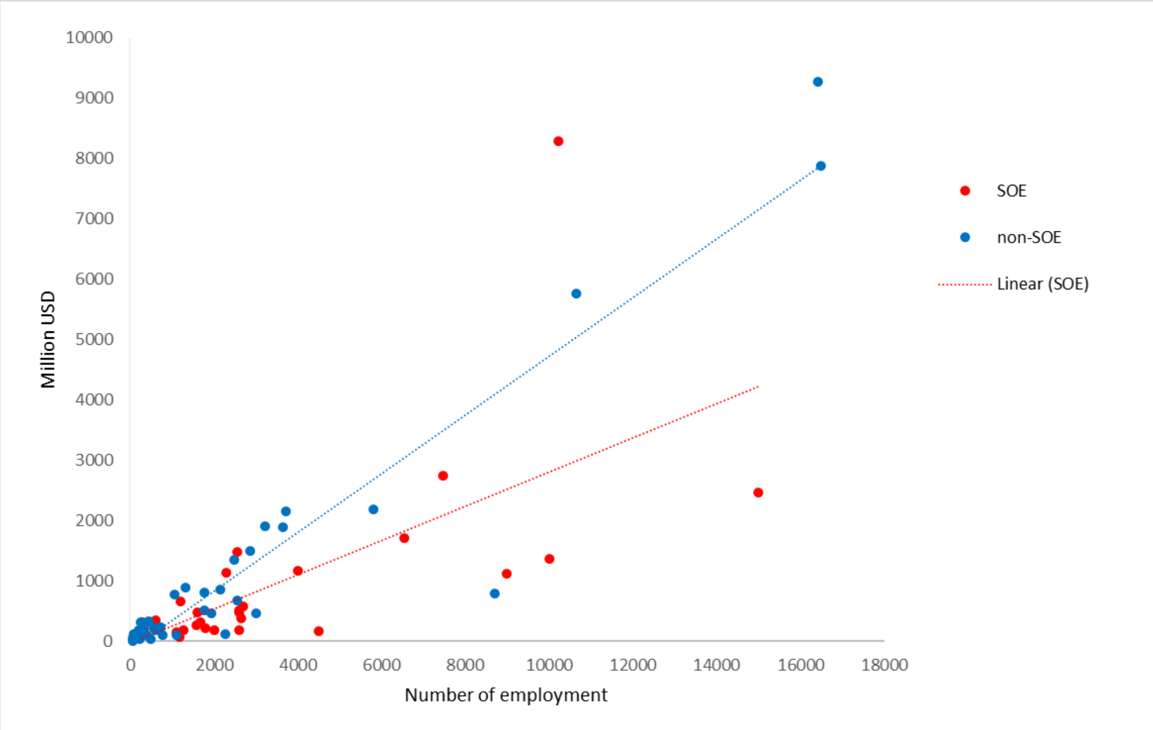
In total, SOEs employ on average more people than non-SOEs in the shipbuilding industry. Employment is an important factor shaping the dynamics of productivity and efficiency in the industry (OECD, 2018). Moreover, employment is one of the most critical factors to be considered when it comes to industry restructuring, because there is a significant impact on the local economy when a shipyard closes.

Figure 4. Average sales and employment by ownership type, 2009-2017



Source: OECD calculations based on data from ORBIS.

Figure 5. Distribution of SOEs and non-SOEs in terms of sales (vertical axis) and employment (horizontal axis) in 2017

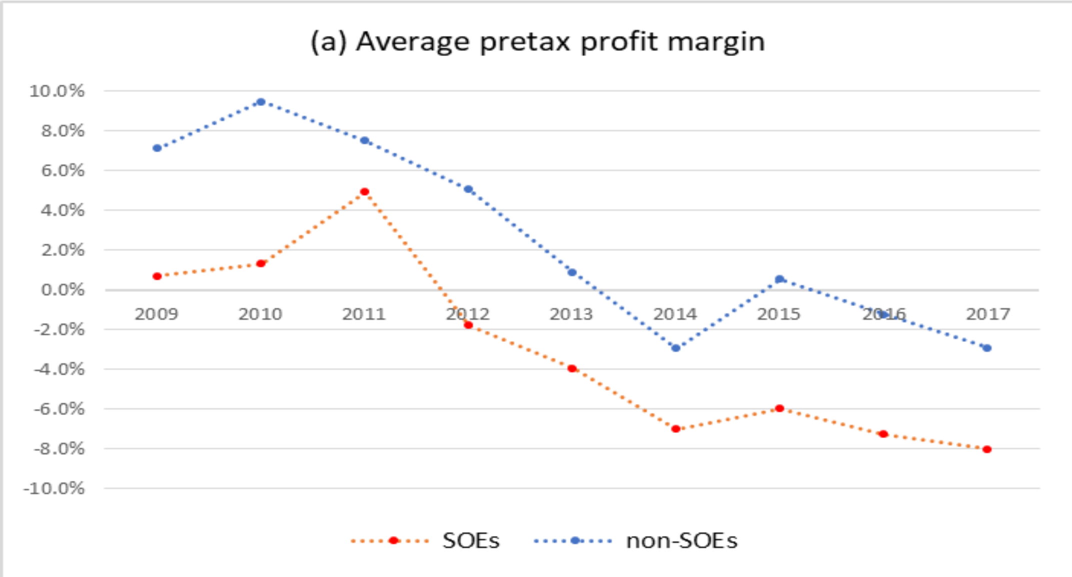


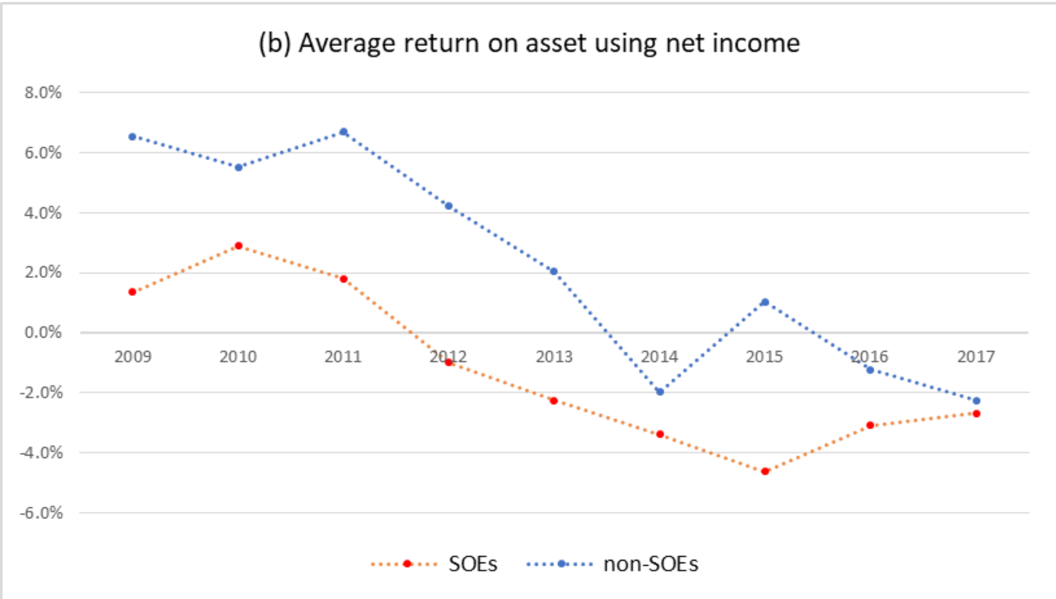
Source: OECD calculations based on data from ORBIS.

Profitability

Profitability is assessed through the pretax profit margin (PM)[7] and the return on assets (ROA)[8]. Figure 6 shows that SOEs in the shipbuilding industry are significantly less profitable than non-SOEs. Average PM and average ROA went down for both SOEs and non-SOEs since 2010 due to a global downturn in the shipbuilding sector, even though there was a slight rebound for non-SOEs in 2015. Non-SOEs had higher PM and ROA than SOEs for the whole period of analysis.

Figure 6. Profitability indicators by ownership type





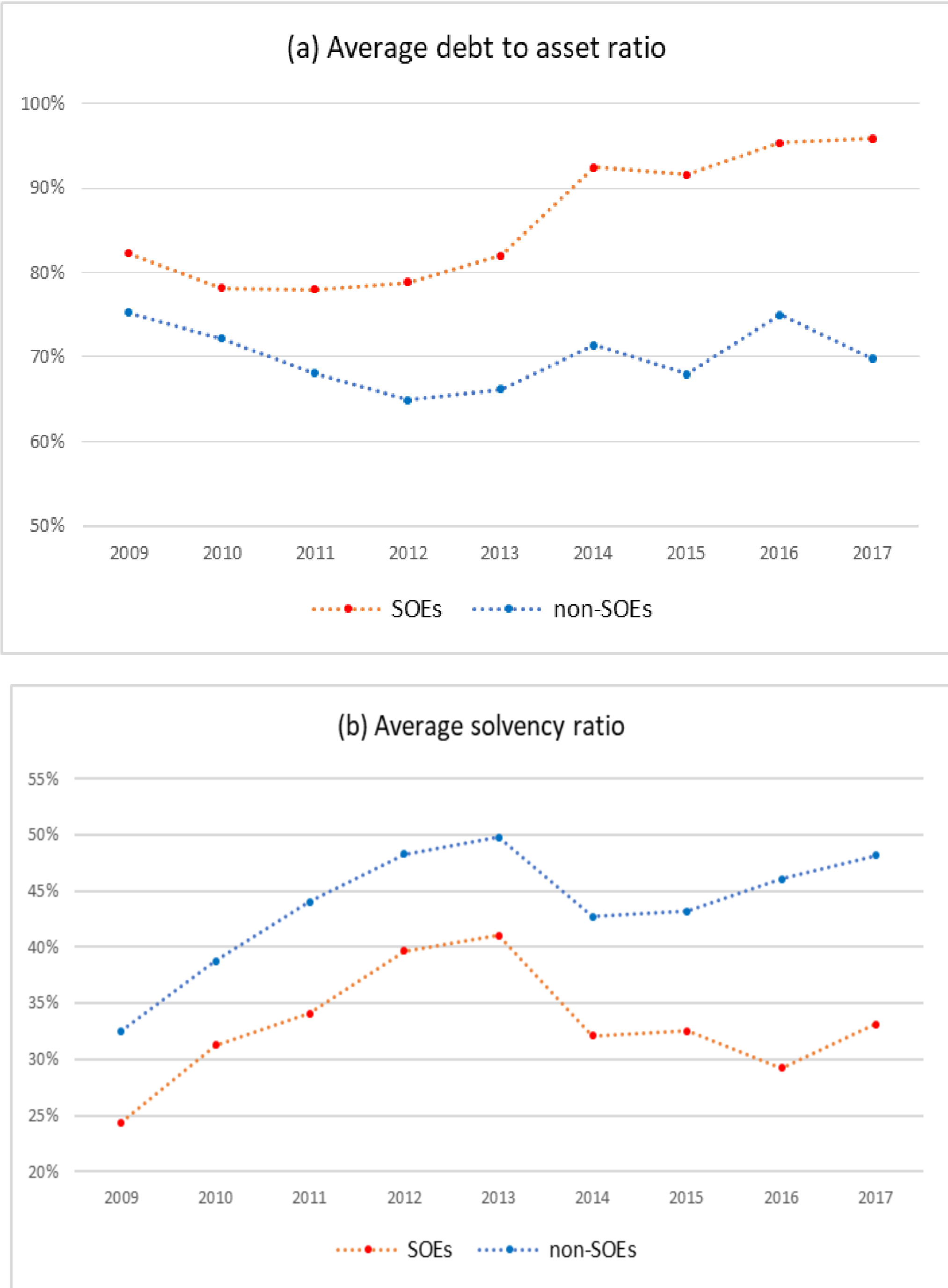
Source: OECD calculations based on data from ORBIS.

Indebtedness

Indebtedness is analysed using two financial indicators, the debt to assets ratio (D/A)[9] and the solvency ratio[10]. Figure 7 shows that SOEs in the shipbuilding sector are more indebted than non-SOEs. For the whole period of analysis (2009-2017), the average D/A of SOEs was higher than the D/A of non- SOEs. In 2017, the liabilities accounted for 96% of assets on average for SOEs in the sample, compared to 70% for non-SOEs. Some SOEs have a

D/A over 100%, which means the SOEs were extremely leveraged and high- risk to invest in. In contrast, the ability of SOEs to meet financial liabilities using operating incomes, as measured by the solvency ratio, is lower than for non-SOEs. In 2017, the solvency ratio of non-SOEs was on average 48%, compared to 33% for SOEs.

Figure 7. Indebtedness indicators by ownership type



Source: OECD calculations based on data from ORBIS.

4. Policies impacting SOEs

The current chapter aims to identify and analyse several policies that govern SOEs in the shipbuilding sector. While there may be large differences between countries, this chapter intends to understand if some SOEs enjoy greater benefits than their domestic or foreign private counterparts. The chapter is subdivided into an overview that sets out the international framework on corporate governance in SOEs and a concrete case study.

Because of the prominent role SOEs play in China's corporate sector (as compared with other shipbuilding countries) but also in contributing to the growth and development ambitions of China[11], this section includes a specific case study on China. It is well documented that when political insiders sit on corporate boards of SOEs or in their executive management, (be they ranking members of political parties or elected politicians), that SOEs decision making may be subject to undue political intervention – something that the OECD SOE Guidelines position themselves strongly upon. Furthermore, research documented by Q. Li, Ch. Lin and L. Xu illustrates that the presence of political insiders in SOEs may lead to a situation where investment decisions are aligned with electorial interests and offers SOEs access to preferential treatment, including access to financing through state-owned financial institutions.[12]

4.1. OECD instruments: short overview

Given that SOE shipyards may benefit more easily from the support and guarantee from the state than a privately owned company, SOEs may – in some cases - be able to operate with lower profitability and higher debt than private companies. While comparing the behaviour and impact of public and private firms on the shipbuilding market, this report will be guided by the main principles of the OECD Guidelines on the Corporate Governance of State-Owned Enterprises (2015). The Guidelines are recommendations to governments on how to ensure that SOEs operate efficiently, transparently and in an accountable manner. Its main tenets are:

- The state should disclose the rationales for state ownership to the general public, who are the ultimate owners of SOEs. The purpose of state ownership should be to maximise value for society.
- The state as an owner should be professional, transparent and accountable.
- SOEs should compete on a level playing field with private companies. State ownership and regulatory functions should be separate to avoid conflicting objectives.
- Non-state shareholders should have equitable treatment and equal access to corporate information.
- SOEs should respect stakeholders' rights and implement high standards of responsible business conduct.
- SOEs should be subject to the same high standards of accounting, auditing and disclosure as listed companies.
- SOE boards of directors should have the mandate, autonomy and independence to set enterprise strategy and oversee management, absent of political interference.[13]

Against this backdrop, it is noted that good corporate governance is not an end in itself but rather an essential feature to inspire business confidence and business integrity, which on their turn alleviate access to capital. The quality of a country's corporate governance framework is therefore of decisive importance for the dynamics and the competitiveness of its business sector.[14]

While not all countries in the world have demonstrated their willingness to credibly implement the instrument, the Guidelines remain the only known global reference in the area of corporate governance of state-owned enterprises and are widely recognised as international best practice. The OECD Guidelines are also derived from the G20/OECD Principles of Corporate Governance which have been endorsed by all G20 and OECD economies.[15] The ongoing SOE reforms in a number of countries, including China[16], also demonstrate that many countries are aligning their practices with these internationally accepted standards on corporate governance.

Given the strategic role that the shipbuilding industry plays in certain countries' industrial policies[17], one can expect this industry to be susceptible to more politicised influences. Acting in such an environment increases the necessity to preserve essential principles of corporate governance. This is particularly important as the preferential treatment of SOEs, notably in a context that lacks transparency about SOE decision making or its strategic objectives, to achieve industrial policy objectives may lead to sub-optimal outcomes such as the creation or exacerbation of excess capacity or other forms of competitive distortions.

To guard against these risks, governments can establish rules to promote ''competitive neutrality'' between SOEs and private enterprises as well as between domestic and international players in order to help build trust in a level playing field. This term is defined by the OECD as follows: *''Competitive neutrality occurs where no entity operating in an economic market is subject to undue competitive advantages or disadvantages.''*[18] Some of these undue competitive advantages or disadvantages may be the result of ownership or legal status, location of a business' activities or head office, a company's public service obligations, the importance of a business as major employer, its strategic importance or its market dominance.[19]

Box 1. Competitive neutrality

The concept of competitive neutrality builds on the following elements that contribute to level the playing field between public and private entities:

• Streamlining government business in terms of structure and corporate form. When feasible and economically efficient, corporatisation of government business, as well as the appropriate structural separation of commercial and non-commercial activities, may enhance the ability of commercial activities to operate in a market consistent way.

• Identifying costs. Promote transparency and disclosure practices, while identifying the costs of a given function of commercial activity.

• Attaining commercial rates of return. Government business operating in a commercial and competitive environment should ensure rates of return consistent with the market. Earning returns under the market level for a reasonable amount of time may undermine private sector competitors.

• Accounting for public service obligations. Ensure that concerned entities are adequately and transparently compensated for any non-commercial obligations. This should be made on the basis of the additional cost of such requirements.

• Tax and regulatory neutrality. To level the playing field, the same regulatory framework and tax treatment should be applied to both private and public sector businesses.

• Debt neutrality. Ensure that the same sources and conditions of financing apply to both government and private sector businesses. While the need to avoid concessionary financing is well accepted, government businesses tend to benefit from preferential access to finance. SOE financing should be obtained on commercial terms and benchmarked against market rates.

• Public procurement. Procurement policies and procedures should be competitive, non-discriminatory and transparent. This is particularly important when incumbent SOEs participate in calls for tenders, outsourcing and other forms of public-private partnerships.

Source: box taken from OECD, ''State-Owned Enterprises in the Shipbuilding Industry'', 2013, 11, C/WP6(2013)8; based on OECD, ''Competitive Neutrality Maintaining a Level Playing Field Between Public and Private Business'', 2012, http://www.oecd.org/corporate/50302961.pdf

For reference, it is noted that there are discussions ongoing in the context of the OECD's Competition Committee to update the definition of competitive neutrality.[20] In addition, some free trade agreements such as the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP) or the EU-Vietnam Free Trade Agreement have included references to the competitive neutrality principle.

4.2. Cross-border investments

Earlier OECD research[21] already highlighted the changing role that large SOEs play in the international market place. The expansion of SOEs in foreign markets is not always restricted to purely commercial considerations. One needs to pay particular attention to the distortive impact that political investment decisions may have on third nations, notably when SOEs benefit from privileged treatment.

The total number of cross-border investments by SOEs seems fairly limited in the shipbuilding sector. Some examples include the investment by the Korean DSME in DSME Shandong (China)[22], the joint venture by SOE Fincantieri, Carnival and SOE CSSC[23], the investment by SOE Shandong Heavy (part of Weichai Group) in Ferretti[24] or the investment by SOE AVIC (and in a later stage China Merchants industry Investment Ltd.) in Deltamarin.[25] It is observed that the Chinese Ministry of Industry and Information (MITT) has already encouraged key enterprises to carry out overseas mergers and acquisitions in its Twelve Five-Year Implementation Plan for the Shipbuilding Industry.[26] There appears to be a larger number of examples of private, foreign firms that invest in Chinese shipbuilding SOEs[27] or in SOEs of other countries.[28] Given that this section only includes investments by SOEs in foreign companies these examples are not elaborated on.

Investments by SOEs, notably by Chinese SOEs, in logistics companies or port infrastructure are more common than investments in shipyards. In 2014, the transport sector constituted the second largest sector for outbound Chinese investments.[29] Some examples of Chinese cross-border investment are the investment by China Ocean Shipping (Cosco) in the Singaporean company Yantai Raffles Shipyard (2008); the investment by China

Communications Construction in the Mozambiqian branch of Vale (2013); the investment by Dalian Shipbuilding (CSIC) in the Egyptian company Sino Tharwa (2013); the investment by China Merchants in the French company CMA-CGM (2013); the investment by China Merchants, CIC and Cosco in the Turkish company Fina Liman (2015); the investment by China Shipping Ports Development (Cosco) in the Korean company Korea Express Busan Container Terminal (2015); the investment by Cosco in the Dutch company Euromax Terminals Rotterdam (2016); the investment by Cosco in the Italian branch of Maersk (2016); the investment by China Ocean Shipping (Cosco) in the Spanish company Noatum ports (2017); the investment by China Merchants in the Brazilian company TPC (2017)[30].[31]

Scholars have already raised concerns about the motives of cross-border investments, notably in relation to China. This is why this section pays particular attention to the position of China. More concretely, scholars have argued that some of the cross-border investments by central SOEs in China may not only be inspired by commercial considerations but also by political objectives such as extending political and diplomatic influence, particularly in investment projects that touch upon strategic policies (cfr. ‘’go global’’, Belt and Road Initiative or Made in China 2025). This may result in an investment strategy that is broader than maximising profits and that focuses on long term policy objectives.[32]

In practice, the alignment between a SOE’s objectives and the Chinese state’s objectives, however, needs to be nuanced. While SOEs may be dependent on state funding or political connections to invest abroad, this does not necessarily imply that the SOE actively promotes the underlying political objectives of its investment decision. Sometimes the SOE’s support for strategic policies rather takes the form of ‘’[a]voiding negative political attention’’. In addition, a Chinese SOE may be incentived to invest abroad to avoid domestic constraints or for purely economic reasons.[33] Therefore, the possible political strings attached to a certain investment decision need to be assessed on a case-by-case basis.

Even though China may have predominantly been criticised to let some of its cross-border investments be influenced by political considerations, it may be argued that other countries have equally engaged in similar practices. In 2019, a private US-Australian consortium for instance expressed its interest to buy the Subic Shipyard (Philippines), which is part of the Korean SOE shipbuilder Hanjin Heavy Industries and Construction. Some newspapers have alleged that this bid[34] was inspired by a drive to avoid that the company would be acquired by a Chinese company.[35]

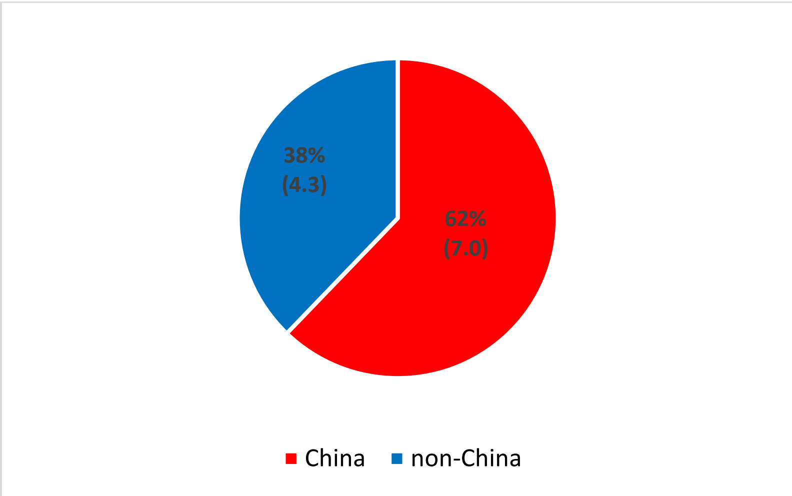
4.3. Case-study: State-owned enterprise v. privately-owned enterprise in China

To assess some of the potential differences in treatment that different types of companies may be confronted with in practice, reference is made to an in depth case study. Ideally, an analysis would compare a SOE organised at the central level and a local SOE organised at the subnational level with both a privatised company[36] and a purely private company to gain insights into whether a distinction should be made between SOEs and private companies as well as between different types of SOEs and private companies. Due to time and resource constraints, the case study is restricted in scope to a comparison of a SOE and a privately owned company. Restricting the analysis to these two types may fail to capture some of the nuances between subclasses of ownership types but should make it possible to provide illustrations of some broad tendencies. The case-study is restricted to the enumeration of a few exemplary differences between central SOEs and private enterprises in China. The conclusions of this case-study are restricted to the examples that are listed herein and cannot necessarily be generalised to other examples, other companies or other countries.

Shipbuilding SOEs exist across economies but are particularly pronounced in China. China has the highest share of SOEs amongst its large shipbuilding companies and accommodates the world's highest number of SOEs.[37] As shown in Figure 8, Chinese shipbuilding SOEs accounted for 62 percent of global SOEs' production in CGT terms in 2018. Additionally, as illustrated by the OECD Report on Shipbuilding in China (2020), China takes a prominent position in the shipbuilding market, notably in the construction of some types of bulkers and tankers.

Figure 8. China' share in terms of ship completions of largest shipbuilding SOEs

In millions of CGT, in 2018



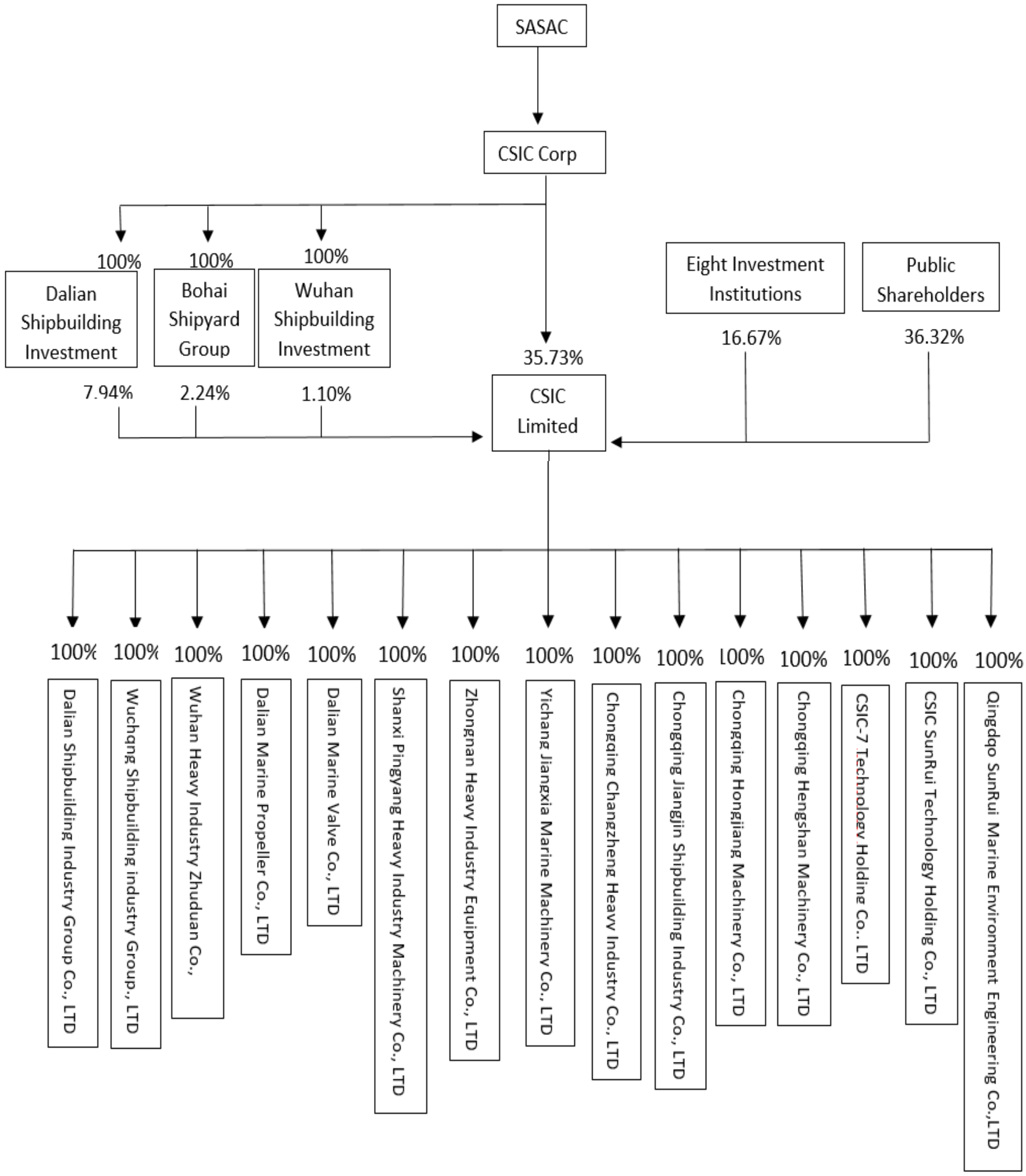
Note: This calculation is limted to the data of SOEs covered in Chapter three.
Source: OECD Secretariat based on data from Clarkson.

Therefore, reference is made to a Chinese case-study. The China Shipbuilding Industry Corporation (CSIC)[38] is a central SOE[39] and is one of the biggest shipbuilders in China and in the world.[40] Given that this company merged in 2019 with the China State Shipbuilding Corporation (CSSC)[41], occasional reference will equally be made to CSSC. CSIC is then compared with the Yangzijiang Shipbuilding Group, *i.e.* the largest privately-held shipbuilding company in China. With reference to section 4.1. the principles of competitive neutrality and corporate governance will serve as guiding principles.

4.3.1. State-Owned Enterprise: China Shipbuilding Industry Corporation (CSIC)

The China Shipbuilding Industry Corporation (CSIC) was founded in 1999 and currently employs around 160 000 workers.[42] The company is envisioned as an "important backbone state-owned enterprise", managed at the central level (*yangqi*)[43] and was rewarded the A-label (i.e. highest label in terms of business performance).[44] This type of company often acts as a 'national champion'[45], is structured as a conglomerate, is part of a domestic network of SOEs and state-owned banks, and holds a pivotal role in shaping and implementing China's industrial policies. CSIC Limited is listed on the Shanghai stock market.

Figure 9. CSIC corporate structure



Source: Based on CSIC Ltd., CSR Report 2019, http://www.csicl.com.cn/n358/n362/c16936/part/16572.pdf and http://www.csic.com.cn/n11/index.html

Corporate governance framework of China's central SOEs

CSIC is fully owned by and directed by the strategies of the State-Owned Assets Supervision and Administration Commission (SASAC). SASAC on its turn resorts under the umbrella of the State Council, *i.e.* a political organ which is comparable with a cabinet and which is tasked with supervising the implementation of national policies at the decentralised level. In the context of SOEs being supervised by a centralised organ, C.J. Milhaupt and M. Pargendler contend that *"[a]t least for some purposes, the interests of the national SOE business groups are viewed collectively - that is, the important consideration for SASAC and the CCP is to maximise the interests of the state sector as a whole, rather than at the individual firm or group level."*[46]

Building on the reflection that central SOEs are under the direction of SASAC and the State Council, it cannot be excluded that there is a strong correlation between the exposure of a company to China's industrial policies and the commensurate level of state support. A statement on the website of DSIC could be interpreted against this proposition.[47] Subsequently, the training classes that are organised for staff of CSIC who wish to apply for membership of the Communist Party[48] raise the question of interlinkages between party membership and corporate promotion.[49]

There is also a question of how the corporate governance system of central SOEs in China shapes a SOE's decision-making process. Several authors have pointed out that political interference in the decision-making process of SOEs has increased since the early 2000s. The tools of the Communist Party to control SOEs range from the appointment procedure of senior staff (*nomenklatura*[50]), to joint appointments (i.e. individuals who hold multiple executive positions in associated companies), leadership rotation (i.e. top executives who change from one SOE to another SOE or to SASAC[51]) and internal disciplinary forces[52]. These mechanisms are targeted at exercising political control through the leading figures of a centralised SOE ('leveraged personnel control'). The middle and lower managerial levels, by contrast, are more and more depoliticised but are in turn controlled by the top management of the SOE.[53] SASAC was for instance represented at a recent board meeting of CSSC[54], which indicates that top executives are indeed facing some degree of external control by the Communist Party. Moreover, the supervision of the Chinese Communist Party in China's SOEs is explicitly included in article 33 of the Chinese Communist Party's Constitution.[55] Scholars have highlighted that the vast majority of SOE management rotations take place within one company group or between competing company groups within the same sector.[56] It is not unlikely that these moves are inspired by the creation of personal networks and by the exchange of experience and knowledge among people in subsidiaries or sectors with positive spill-overs. As the 2015 job swap of several executives between CSIC and CSSC indicates, job rotations may also suggest that a merger is looming.[57]

Recently, Beijing enacted a provisional regulation that puts the Communist Party Committees in central SOEs ahead of the board of directors. This action seems to build on a tendency to intensify the leadership role of Party Committees.[58] Party Committees both have a political dimension (e.g. organise study sessions about political topics or guide employees through the procedures to join the Chinese Communist Party) and a role to focus on staff related policies (e.g. nominating, evaluating and appointing senior staff). In principle, the Party Committees in SOEs do not interfere with daily business operations unless they are of strategic or political importance (e.g. major decisions; national security).[59] In practice, balancing political with economic interests seems to be monitored via audits[60] and disciplinary committees[61].

At first glance, this trend to increase political control in central SOEs' governance systems seems at odds with China's mixed ownership reform, which includes a tendency to push SOEs towards an increasing level of economic liberalisation, including more autonomy for a SOE's top management.[62]

However, a high degree of management control by itself is no reason for concern as one would have to assess what the control is used for, as well as under which corresponding circumstances the control will be exerted. If political control tends to overshadow commercial decision making, there may be an unjustified interference in the corporate decision making process.

Related to this matter, one would have to assess how the refined system of intertwined party-building and mixed ownership interrelate with a SOE's daily business operations. The academic literature suggests that central SOEs are required to converge their corporate strategic objectives with China's industrial policies, whereas they sustain a larger level of autonomy regarding the economic metrics to achieve these politically set industrial objectives. This implies a strengthened level of control on the political-strategic front, while reducing control at the economic implementation side so SOEs can professionalise to compete internationally.[63] Moreover, some have already contended that the emphasis of mixed ownership reforms on profitability does not imply that SOEs' decisions are taken on commercial considerations.[64] In similar vein, some authors have proclaimed that the opening up of SOEs to private capital had to be counterbalanced with an increasing party-building control in corporate governance norms. These authors for instance note that *"for those firms that have adopted the full panoply of recommended amendments, compliance with the corporate charter would appear to require placing political and governmental interests above the interests of shareholders and other ordinary corporate stakeholders"* and *"these SOEs exemplify an extreme form of stakeholder-oriented corporate governance, in which the interests promoted by the board of directors and senior management are ostensibly coterminous with those of the nation-state as a whole, at least as the national interest is interpreted by the Chinese Communist Party"*.[65]

The potential political influence of corporate governance bodies regarding important decisions needs to be assessed on a case-by-case basis. Such political interference would be troublesome in light of the G20/OECD Principles of Corporate Governance (2015) if the board of directors is hindered to ''exercise objective and independent judgement'' and if the rights of minority shareholders are neglected (chapter II and VI of the G20/OECD Principles).[66]

Corporate governance in CSIC

It seems that the managers of CSIC equally have a political and an economic role to play. The CEO of CSIC from 2015 up to the merger with CSSC in 2019 was transferred from the China State Shipbuilding Corporation (CSSC) and also acted as Party Committee Secretary.[67] On the website of one of CSIC's subsidiaries a referral is made to a speech by the former CEO of CSIC. In one of the party classes, he emphasised the ''*[p]arty construction implementation into grassroots units*'' and stated that *''the alignment with the party's line, principles, policies, rules and regulations should be strengthened (...) and leading cadres proposed in the party class should be ideologically and politically focused on loyalty. [They should] be aligned on economic work and focus on execution while being aligned on the party building work.''*[68]. In a recent meeting of the China State Shipbuilding Group, i.e. CSIC's successor, the former company's chairman simultaneously called ''*[t]o comprehensively learn from the rigorous control of the party's achievements as well as to promote the modernization of a governance system and governance capabilities.*[69]

On its website is also announced that CSIC will adhere to the new Regulations on the Work of Primary Organisations of the Communist Party of China (trial)[70]. The aspirations of these Regulations are described as *"strengthening the party building of state-owned enterprises in the new era. The formulation and implementation of the "Regulations" will uphold and strengthen the party's overall leadership of state-owned enterprises, improve the quality of party building of state-owned enterprises, (...)"*[71] and *"The notice pointed out that state-owned enterprises are an important material and political foundation of socialism with Chinese characteristics, and an important pillar and relying force for the party to govern and rejuvenate the country. Adhering to party leadership and strengthening party building are the "roots" and "soul" of state-owned enterprises, and the glorious tradition and unique advantages of our state-owned enterprises."*[72]

The tools to achieve the Regulations' objectives consist of:

- strengthening the party's leadership of state-owned enterprises (art. 1),
- institutionalising party committees (art. 4 and following),
- demanding the official approval of the party committees for major decisions in line with "Xi Jinping's thoughts on socialism with Chinese characteristics in the new era" (art. 11)[73],
- strengthening political theory education (art. 18),
- supervising production (art. 21-22), and
- supervision by the internal disciplinary inspection on implementation of the Party's main responsibilities (art. 31)[74].[75]

In line with the spirit of these Regulations, the Director and Deputy Party Secretary at CSSC pointed out in his speech of 2019 that *"all units should stand for adhering to the party's leadership, strengthening party building, and building a solid foundation of strong "roots" and "soul"*.[76] At the December 2019 meeting, SASAC also highlighted that *"it is necessary to comprehensively strengthen the party's leadership over central enterprises"*, and that one should adhere to *"improving corporate governance"*.[77] MIIT equally stated that the Guiding Opinions on the Inspection Work of Central Ministries and Commissions and Party Groups (trial) should be fully implemented, that the party committees of the ministries should be promoted, and that a new round of inspections should be deployed from 2019.[78] In similar vein, an inspection report conducted by the Central Commission for Discipline Inspection and the National Supervision Commission during the 19th Central Inspection Tour states that ''the Party's leadership is integrated into the corporate governance structure'' of CSSC. Based on this document one could derive that inspection committees have an ''important political role'' to play in verifying to what extend China's strategic policies were implemented by its key enterprises.[79]

At the same time, SASAC has issued Guidelines for Compliance Management of Central Enterprises[80] in 2018, which intend to increase the compliance level of central SOE managers and their employees with the laws and regulations (art. 1 and 2). In addition, MIIT has already indicated that it wants to encourage ''self-disciplining'' and desires to ''safeguard industry rights and interests''.[81] Installing mechanisms to monitor, review and assess a SOE's performance and to ensure the compliance of corporate governance principles is in line with the OECD's Recommendation on Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises (2019)[82] as well as with the G20 Principles (2018)[83]. At the same time, it is clear from these instruments that the state should refrain from undue influence or inappropriate interventions.

The political functions that CSIC and its employees have to fulfil are equally mentioned in official corporate documents such as CSIC's Corporate Social Responsibility Report (2018)[84]. On the one hand, there seems to be a tendency to increase the interlinkage between a political career within the Communist Party and a corporate career in CSIC (e.g. all top executives are a member of the Chinese Communist Party; and there is an explicit requirement for CSIC's executives to align important corporate decisions in line with "Xi Jinping's thoughts on socialism with Chinese characteristics in the new era"[85]). Against the backdrop of the efforts to consolidate CSIC and CSSC, this may increase the grasp of the Communist Party on a smaller number of key figures in the newly established China State Shipbuilding Group, thereby influencing the strategic direction of CSIC's corporate decision-making. On the other hand, policy instruments such as the SASAC Guidelines indicate that Beijing increases its efforts to fortify key personnel's accountability and independence. This entails that in practical terms the Chinese Communist Party is in the ability to exercise an intensified yet more centralised degree of control, whereas in parallel CSIC is encouraged to increase its overall professionalism and international competitiveness. Whether this working methodology conflicts with international standard practice will depend on the degree to which the Chinese Communist Party and the corporate management act in line with the interest of CSIC's shareholders as well as with the general principles as laid out in the G20/OECD Principles on Corporate Governance[86].

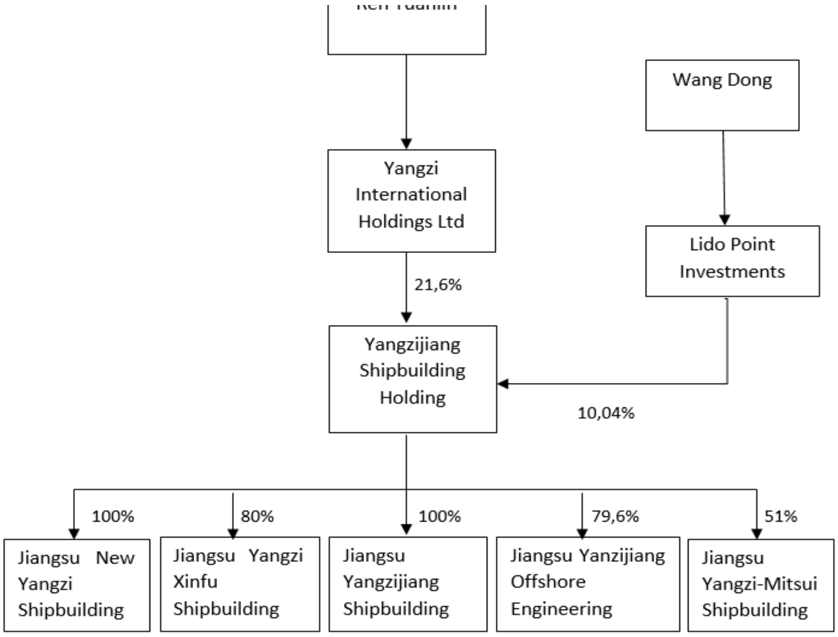
On the basis of an analysis of official legal, political and corporate documents and indirect guidance through speeches and party-building, one may conclude that – in certain cases - it is likely that CSIC has not only acted as a commercial entity but also as a vehicle to pursue Chinese industrial policy objectives. Although, it remains important to highlight that this analysis always needs to be conducted on a case-by-case basis.

Some elements of these Chinese policies may also provide inspiration for other countries. For instance, the Chinese approach to incite SOEs to be mindful about their responsibility to fulfil broader societal objectives and to subscribe to long-term goals may contribute to the ongoing debates on how corporate governance policies can be updated[87] and may incite other shipbuilding nations to reflect on the appropriate degree of legitimate government intervention in their own jurisdictions.

4.3.2. Privately-Owned Enterprise: Yangzijiang Shipbuilding

Yangzijiang Shipbuilding is the largest private shipbuilding company in China and employed around 6.000 people in 2017.[88] The company used to be state-owned until it was privatised in 1997 to safeguard the company from bankruptcy. The shareholder structure as per 2019 is displayed under Figure 10.

Figure 10. Yangzijiang Shipbuilding corporate structure



Source: Based on Yangzijiang Shipbuilding, Annual Report 2019, https://links.sgx.com/FileOpen/YZJ-Annual_Report.ashx?App=Announcement&FileID=605216, 163 and OECD internal sources

Yangzijiang Shipbuilding's shares are listed on the stock market in Singapore.[89] The shipyards of Yangzijiang Shipbuilding are primarily located in the province of Jiangsu along the Yangtze river and represent a capacity of 6 million DWT annually in 2019.[90] Yangzijiang Shipbuilding concluded a strategic joint venture with Mitsui in 2018 to target the construction of LNG carriers.[91] By partnering up with its Japanese counterpart, Yangzijiang Shipbuilding aspires to attract orders from Japanese ship-owners.[92]

Corporate governance structure

The private shareholdership of Yanzijiang Shipbuilding makes it an interesting case to compare the company with the state-owned enterprise CSIC. Before proceeding with a detailed comparison of both companies, it needs to be recalled that scholars have already contended that the traditional strict dichotomy between a state-owned enterprise (SOE) and a privately-owned enterprise (POE) needs to be nuanced in the Chinese context.[93] In practice, the degree of state influence will namely not only hinge upon a company's ownership structure but also on a company's size and its relative importance for China's industrial development. The level of state affiliation will equally affect a company's market access, amount of subsidies, access to political contacts, and the execution of governmental policies. In other terms, if one wants to measure the impact of the Chinese state sector on the Chinese economy and third-party economies, one has to look at the privileged position of a specific firm as a whole and not just at its ownership structure.[94] This is illustrated by recent research conducted by the Center for Strategic and International Studies. Its report revealed that direct subsidies are evenly spread between China's public and private sector and states that Yangzijiang Shipbuilding Holdings even received a higher relative rate (i.e. in terms of percentage of revenue) of direct subsidies than state-owned shipbuilders.[95]

In terms of corporate governance, Yangzijiang Shipbuilding at first glance appears to subscribe to international standards. It has for instance established a Nominating Committee, a Remuneration Committee, and an Audit Committee – keeping in mind that its corporate governance practices will have to meet the relevant listing requirements and securities regulations of the Singapore stock exchange. Next, there is a separation in the role of the company's chairman and chief executive officer.[96] Nonetheless, it is possible that the Chinese Communist Party still holds a degree of control in Yangzijiang Shipbuilding by influencing its corporate culture[97] (e.g. through Party Committees[98]) or by soft power links through charity initiatives[99], albeit, as suggested by the academic literature, the exertion of this control in private companies will usually be more flexible than in central SOEs.[100]

The ability of the Chinese Communist Party to exercise a certain degree of control in private firms does, however, not imply that every private company will also be subjected to this control at all times. Party control is more like a translucent veil that becomes visible once control is exerted. While control and its exact externalisation should be assessed on a case-by-case basis, a higher degree of political control seems more likely in large, private companies with growth potential that operate in strategic sectors or regions.[101] In exchange for inflated political control in companies with strategic importance, the company may enjoy all sort of privileges, ranging from subsidies to access to a network of privileged companies and government contacts, as well as being subjected to a more favourable application of regulations.[102]

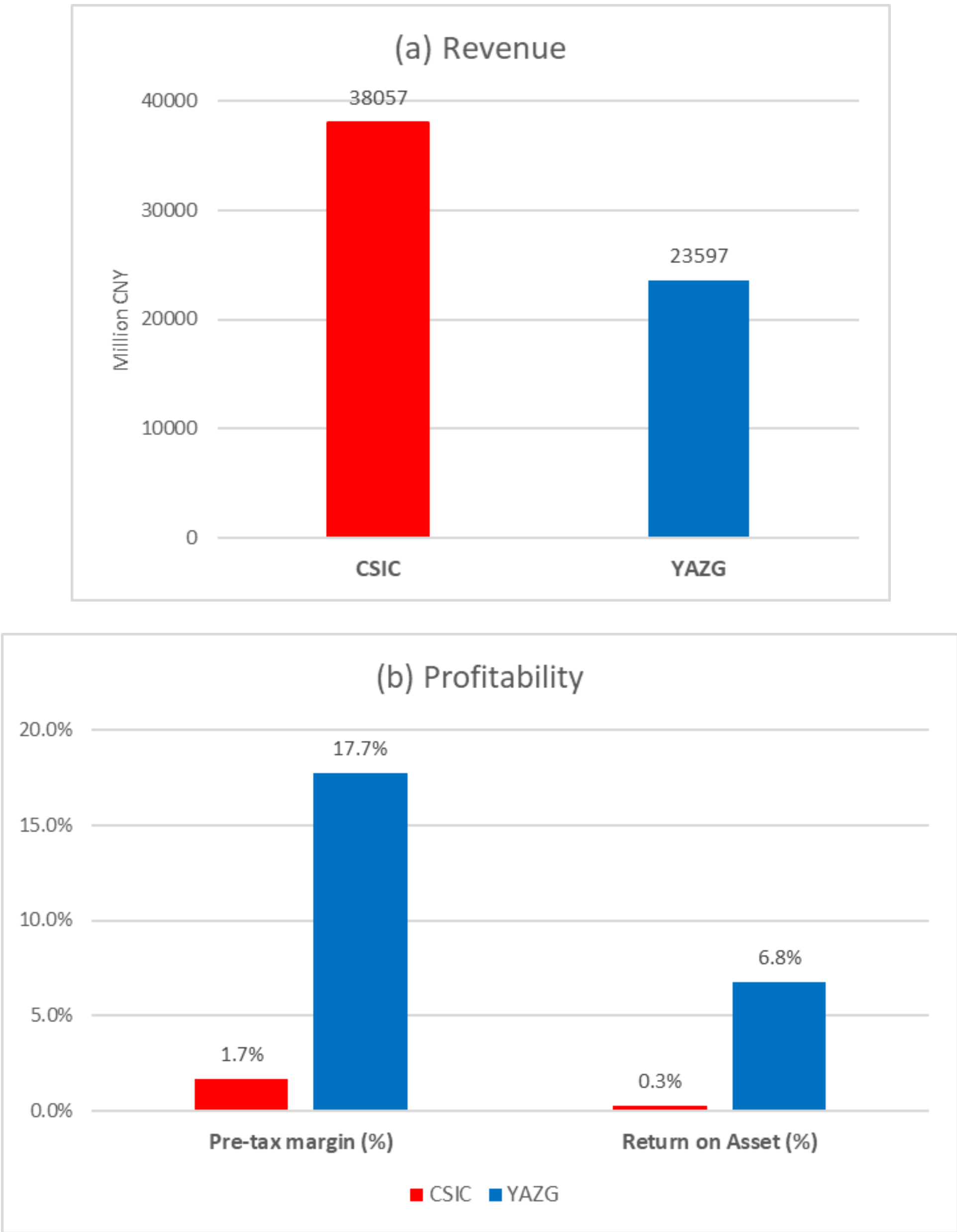
Comparison between Yangzijiang Shipbuilding and CSIC

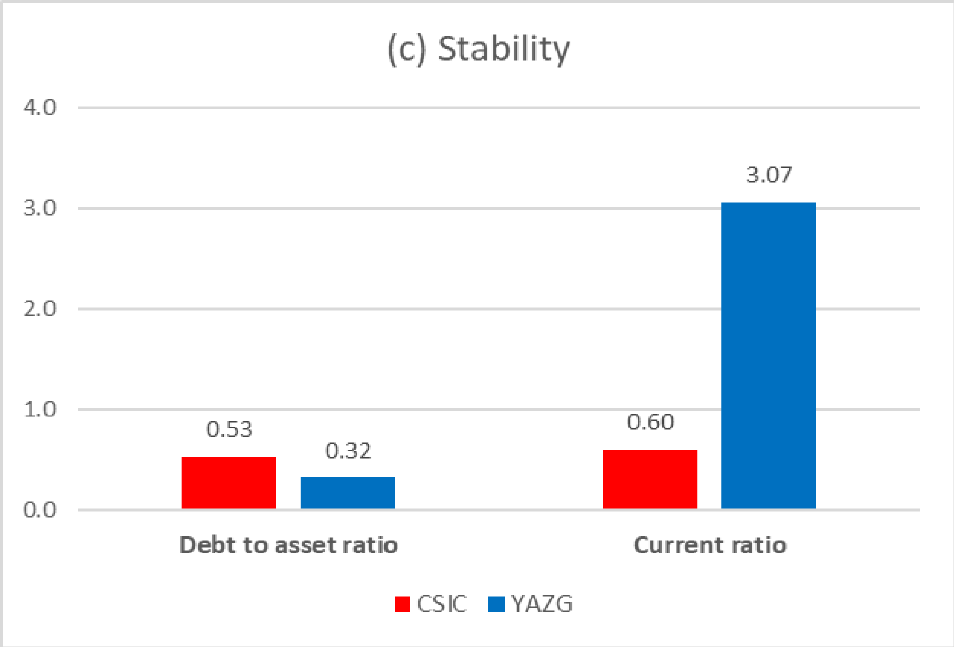
According to figures on its website, Yangzijiang Shipbuilding's annual shipbuilding capacity increased thirty-fold over the past twenty years, corresponding to a twenty-fold increase in annual turnover.[103] In 2018, the consolidated turnover of the company amounted to CNY 23.2 billion, which resulted into CNY 4.1 billion in profit. The company claims to maintain a gross profit margin around 16.1 percent for its shipbuilding activities and a 165 percent gross profit margin for shipbuilding related activities such as ship design services. In 2018, Yangzijiang Shipbuilding secured for USD 1.46 billion in new shipbuilding orders, in addition to the outstanding orders of USD 3.9 billion for 113 vessels.[104] According to data from Yangzijiang Shipbuilding itself, the company's profit margin is, however, in sharp decline. While the gross profit margin accounted to 33.2 percent in 2013, this number decreased to 17.3 percent in 2018 Q1. The EBITDA margin shows a similar trend.[105]

It is uncertain how the COVID-19 outbreak will affect the company's profitability for 2020. It is observed that despite some large recent orders[106], Yangzijiang Shipbuilding has reported a drop of 60 percent (CGT) YoY in newbuilds for the first semester of 2020, which represents the lowest number in 25 years.[107]

The figures below provide an illustration of the different financial and economic metrics for the year 2019 to compare Yangzijiang Shipbuilding with its state-owned counterpart CSIC. It is observed that the profitability and stability of Yangzijiang Shipbuilding is significantly higher than CSIC's, despite the higher amount of revenues and potential economies of scale that CSIC benefits from. These figures act as illustrations. Further research would be needed if consistent tendencies can be observed.

Figure 11. Selected financial and economic metrics of Yangzijiang Shipbuilding and CSIC (2019)





Source: Figures based on the CSR Report of CSIC Ltd. (2019), the Annual Report of Yanzijiang Shipbuilding Holdings Ltd. (2019) and other public sources.
Note: the current ratio refers to current assets divided by current liabilities.

It is possible that the differences in return on investment are explainable by virtue of different strategic priorities or different timeframes to achieve the company's financial objectives. However, this is hard to assess in practice. One can only observe that SOEs in China often enjoy implicit government guarantees; that scholars have identified CNY 550 billion of government support to the Chinese shipbuilding sector between 2006 and 2013, of which SOEs by far were the largest beneficiaries[108]; that Chinese central SOEs are often subjected to a more favourable regulatory framework (e.g. licensing procedures or a lower enforcement of competition laws); and that Chinese state-owned banks are often directed to support Chinese industrial policies. In addition, CSIC's annual report (2018) does not seem to refer to any long-term profitability targets. It does, by contrast, refer to strengthening the party line, improving corporate governance, and promoting the shipbuilding industry.[109]

In 2017, Lloyd's List already recorded in an interview with Yangzijiang's Chairman that the order of VLOC's by Vale would be delivered by Qingdao Beihai Shipbuilding (part of CSIC) at a price below-cost.[110] In similar vein, the debt-to-equity swaps of CSIC and CSSC are envisaged by the Chairman as a form of hidden government support.[111] Finally, Yangzijiang's Chairman has criticised indirect forms of government subsidies for state-owned yards such as secured orders by state-owned shipping companies.[112] It is not excluded that Yangzijiang Shipbuilding equally received comparable benefits as CSIC, whereas the exact degree of government support – in the broad sense of the word - may differ. As regards direct subsidies, the previous statement for instance needs to be nuanced. As indicated above, recent research by the Center for Strategic and International Studies points out that Yangzijiang Shipbuilding Holdings has received a higher relative rate (i.e. in terms of percentage of revenue) of direct subsidies than state-owned shipbuilders.[113]

So, a first consideration is that SOEs may benefit from a more favourable regulatory policy framework than private counterparts. A second remark relates to a difference in treatment between private and state-owned enterprises that may count on political endorsement on the one hand and other companies on the other hand. Given the strong link between state financing, industrial policies and the commissioning of new vessel orders by SOEs, the Chinese government is able to channel finances to those companies that are important for its industrial development.[114] Against this backdrop, some authors point out that it will be difficult for private enterprises to expand their business in China without some form of endorsement by the Chinese Communist Party.[115] Indeed, smaller yards that do not enjoy any state support seem to struggle more (e.g. a high rate of bankruptcies or take-overs by yards that receive state support).[116] As a large, private shipyard that maintained its political connections with the Chinese Communist Party, Yangzijiang Shipbuilding equally received subsidies and favourable treatment by the government in the past. In its financial statements, Yangzijiang Shipbuilding reported for CNY 193.4 million in consolidated subsidies for 2019, CNY 216.3 million for 2018 and CNY 236.9 million for 2017.[117] The annual report of 2017 mentions that Yangzijiang Shipbuilding could cut its tax rate to 11 percent, thanks to tax credit, and that the company has been ''consistently able to obtain financing from PRC banks''.[118] It remains ambivalent under which terms this tax credit and these financial credits were provided so it is hard to measure the size of the support.

The case-study nuances the idea that additional remedies to discipline SOEs should suffice to level the playing field. Conversely, the case-study suggests that institutional reforms on corporate governance should encompass all state-favoured firms, regardless of their ownership structure. Particular attention should be drawn to disclosing requirements related to the political ties of corporate executives and the need for increased transparency on how these executives operate. More transparency should contribute to a higher rate of independence of top executives from political influence as well as to more effective accountability of top executives.

5. Conclusion and futher remarks

This report has assessed the extent and the economic implications of the presence of SOEs in the shipbuilding sector, using firm-level data analysis. Even though the data available was somewhat limited, the key finding in this analysis shows that SOEs occupy a significant share in global ship completions but are likely to operate with lower profitability and be more highly leveraged than private enterprises.

To promote a level-playing field between SOEs, private and foreign players, the focus should thus be on the behaviour of SOEs and on the impact that they have on trade and competition. This impact tends to depend on the extent of privileged government access, the overall policy framework in which companies operate, a company's market power, and the peculiarities of the market in which it operates.

Next, the report refers to several guiding principles that may facilitate the promotion of a level-playing field in the shipbuilding sector. First of all, this report highlights the principle of competitive neutrality. Subsequently, transparency about the interaction between governmental and corporate decision making could further strengthen the mechanisms that increase the independence of corporate executives from state influences and could contribute to a plain mechanism of accountability. A transparent system in combination with accountable and independent executives conduces to a high quality corporate governance system, to the protection of minority shareholders, and to more efficient public spending. Additionally, subscribing to the principle of competitive neutrality and high standards of corporate governance contributes to the strengthening of the trust levels of private companies, foreign enterprises and citizens vis-à-vis state-invested enterprises. In the end, a system founded on these basic principles is assumed to be more beneficial for the ultimate beneficiaries of the SOE, namely the citizens that the state represents.

To apply these principles on a more concrete case, a comparative analysis was conducted between the Chinese central state-owned enterprise CSIC and its private counterpart Yangzijiang Shipbuilding. China is an important shipbuilding nation and the Chinese economy holds a large share of SOEs. For these reasons it was assumed that the Chinese example could offer interesting insights. The results of this case-study tend to reject the often proclaimed assumption that a privileged treatment by the Chinese state is restricted to SOEs. Both state-owned and privately-owned companies can be treated more favourably compared to their counterparts lacking such state support. It remains an open question if the favourable treatment of state-affiliated companies and SOEs is granted in exchange for enhanced state control.

Provided that the Chinese state has intensified its control over central SOEs and government affiliated private companies, this by itself would not pose any reason for concern. The degree of intensified vigilance would depend on what the control is used for as well as on the corresponding circumstances. If the control is utilised to professionalise corporate governance models or to promote a level-playing field between all different types of companies, more control could in fact be welcomed. Conversely, interpreting enhanced state control against a broader context of Chinese policies that deploy central SOEs as a key pillar of their industrial ambitions could raise the levels of suspicion.

In this regard, one may refer to a pertinent quote by C.J. Milhaupt and M. Pargendler: *"As such, it is natural for SOE governance to reflect the characteristics of national governance— that is, the characteristics and quality of a national regulatory regime for SOEs is deeply influenced by prevailing national philosophy about the proper scope of state ownership of enterprise, separation of powers, the level of corruption in society, and related factors. There is little reason to believe that resorting to mixed ownership— by offering a portion of a SOE's shares to private investors — is sufficient to transform a product of the state into a pure product of private market transactions."*[119]

In line with this quote and the overall findings in this report, the overall conclusion seems to be that the institutional framework in which companies operate will be a more important determinant to explain their behaviour than ownership status per se. However, further research is needed to confirm this hypothesis in other jurisdictions than China.

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Annex: Datasets used in the Report

1. Clarkson's world fleet register: shipbuilding orderbooks

This dataset provides information on orderbooks of shipbuilding companies across the glove. Information on contracts, completions and deliveries for seagoing vessels over 100GT are available at https://www.clarksons.net/wfr.

According to the world fleet register, in 2018, there were 496 shipyards (36 countries) with more than one seagoing vessel (over 100GT) built.

2. ORBIS dataset: financial and ownership information

The ORBIS dataset is a cross-country longitudinal firm-level database available from Bureau van Dijk (BvD). It is the largest cross-country firm-level that is available and accessible for economic and financial research. It includes detailed financial information and ownership links of millions of firms. The ORBIS version (2019-1) used in this report is the one obtained by the OECD from BvD in 2020.

Given the lack of coverage of ORBIS ownership information, the analysis is complemented through desk research aimed at checking whether the company is state-owned. Financial information retrieved from ORBIS used in this report ranges from 2009 to 2017.

Endnotes

[1] See C/WP6(2013)8, p. 12 and 23

[2] For a practical example of the difference between ownership and control, see OECD, ''Economic Survey Korea'', 2018, 82-83.

[3] In this analysis, the secretariat excludes pension funds and sovereign wealth funds that acquire stakes in companies without the purpose of controlling them, but rather as an asset diversification strategy.

[4] Calculations based on Clarkson's Research Services Limited (2019), *World Fleet Register*, https://www.clarksons.net/wfr. It includes all seagoing vessels from 100 GT.

[5] Localisation of corporate headquarters

[6] ORBIS has financial information for millions of firms; most listed firms and some significant non-listed firms. Most of the top 177 companies are not listed on stock markets so a significant number of financial data of the companies are missing in the ORBIS. The analysis is limited to companies for which financial data is made available to ORBIS database. On average, 70 to 120 observations are available depending on each financial indicator.

[7] This ratio indicates how much profit was generated for each dollar of sale before deducting taxes. It is widely used to compare the profitability of companies within the same industry.

[8] It is defined as net income divided by total assets. It indicates the amount of earnings generated by a given amount of capital (assets) and therefore the efficiency of capital employed.

[9] It is a ratio between total debt (liabilities) and total assets, and indicates the percentage of a company's assets that have been financed through debt. Accordingly, it measures the degree of leverage of a firm including both short-term and long-term debts.

[10] It is a ratio between after tax net income and total debt (liabilities), and indicates the percentage of debt that can be covered by income and therefore measures a firm's ability to meet long term obligations. If the ratio is too low (usually considered below 20%), there is a risk that a company might default.

[11] For more information on the role that the Chinese state has played in China's industrial policies, see OECD, ''State-Owned Enterprises in the Development Process'', 2015, https://www.oecd.org/corporate/state-owned-enterprises-in-the-development-process-9789264229617-en.htm, 137-163; S. Heilmann and L. Shih, ''The Rise of Industrial Policy in China, 1978-2012'', Harvard-Yenching Institute Working Paper Series 2013, 25p.

[12] Q. Li, Ch. Lin and L. Xu, "Political Investment Cycles of State-Owned Enterprises", The Review of Financial Studies 2019, 3-4, 35-36.

[13] Taken from OECD Business and Finance Outlook, ''Strengthening Trust in Business'', 2019, 111.

[14] Taken from OECD Corporate Governance Factbook 2019, 9.
In similar vein, K. Heo, ''Effects of Corporate Governance on the Performance of State-Owned Enterprises'', Policy Research Working Paper World Bank, 2018, no. 8555, http://documents1.worldbank.org/curated/en/523421534424982014/pdf/WPS8555.pdf

[15] See http://www.oecd.org/corporate/principles-corporate-governance/

[16] SOE reform in China have a long history. The latest strategy on deepening SOE reforms was initiated in 2015 and is still ongoing and will most likely be strengthened in 2020, https://www.china-briefing.com/news/chinas-soe-reform-process/;
http://english.www.gov.cn/policies/latest_releases/2015/09/13/content_281475189210840.htm;
http://www.xinhuanet.com/english/2020-01/21/c_138724185.htm

[17] S.T. Tan, "Race in the Shipbuilding Industry: Cases of South Korea, Japan and China", International Journal of East Asia Studies 2017, 65: "In view of its importance, many countries have identified it as a strategic industry in their national development plans."

[18] OECD, ''Competitive Neutrality. Maintaining a Level Playing Field Between Public and Private Business'', 2012, 17.

[19] OECD Business and Finance Outlook, ''Strengthening Trust in Business'', 2019, 103.

[20] The Draft Recommendation on Competitive Neutrality defines competitive neutrality as ''*A principle according to which all enterprises are provided a level playing field with respect to a state's (including all bodies emanating from the state) ownership, regulation or activity in the market.''* See OECD document DAF/COMP/WP2(2020)2
[21] See C/WP6(2013)8, para. 10
[22] http://en.dsme.cn/gsjj.asp; http://www.chinadaily.com.cn/m/shandong/yantai/2015-09/18/content_22152387.htm
[23] https://www.fincantieri.com/en/media/press-releases/2018/fincantieri-extends-the-cooperation-with-china/
[24] http://www.shig.com.cn/en/category-5.html; https://in.reuters.com/article/shandongheavy-ferretti/update-3-chinese-group-takes-over-italian-yacht-maker-ferretti-idUSL6E8CA3EI20120110; https://www.nytimes.com/2012/01/11/business/global/chinese-company-buys-italian-luxury-yacht-maker.html; https://www.offshore-energy.biz/shandong-heavy-acquires-italian-luxury-yacht-maker-ferretti-group/; https://www.wsj.com/articles/SB10000872396390444230504577616973186784312
[25] https://deltamarin.com/2019/08/pre-conditional-voluntary-offer-deltamarin-parent-company-shares/; https://lloydslist.maritimeintelligence.informa.com/LL036670/Aerospace-offshoot-eyes-yard-acquisitions; http://avicintl-cn.listedcompany.com/newsroom/20121012_180104_O2I_C9B235FAB6C2103B48257A950026C315.1.pdf
[26] http://www.miit.gov.cn/n1146295/n1652858/n1652930/n3757018/c3757369/content.html , para. 4.(2).1.
[27] E.g. Dalian Cosco KHI Engineering Co. Ltd; Damen Yingchang Shipyard Co Ltd; Samsung Heavy Industries Ningbo Co Ltd.
[28] E.g. Hyundai and Shipbuilding Industry Corporation (Vietnam) or Korea Shipbuilding & Offshore Engineering and Saudi Aramco.
[29] https://thediplomat.com/2014/12/china-urges-companies-to-go-global/
[30] In January 2020, the stakes by China Merchants were solds to the state-backed funds China Portugal Cooperation Development Fund (led by China Development Bank) and the China-LAC Cooperation Fund (led by China Exim Bank).
[31] Figures from the China Global Investment Tracker, https://www.aei.org/china-global-investment-tracker/; supplemented by international online sources.
[32] K. P. Sauvant and M. D. Nolan, ''Reactions to China's Cross-Border Investment and International Investment Law'' in M. Fuchs, S. Henn, M. Franz and R. Mudambi (eds.), *Managing Culture and Interspace in Cross-Border Investments,* Routledge, 2017, 98-104.
[33] M. Rithmire, ''Varieties of Outward Chinese Capital: Domestic Politics Status and Globalization of Chinese Firms'', Harvard Business School, Working Paper 20-009, 2019, 9-11.
[34] For reference, the negotiations for a potential take-over are still ongoing.
[35] https://www.reuters.com/article/us-philippines-hanjin-austal-cerberus-ca/austal-cerberus-team-up-to-eye-hanjins-philippine-shipyard-idUSKBN1WO16B; https://asia.nikkei.com/Business/Business-deals/US-investor-bids-to-keep-China-out-of-Philippine-shipyard
[36] A privatised company is a company that used to be a State-Owned Enterprise
[37] OECD, ''The Size and Sectoral Distribution of State-Owned Enterprises'', 2017, 42; W. Leutert, ''State-Owned Enterprises in Contemporary China'' in L. Bernier, M. Florio and Ph. Bance (eds.), *The Routledge Handbook of State-Owned Enterprises*, New York, Routledge, 2020, http://www.wendyleutert.com/research, 2.
See also the Global Fortune 500 list, https://fortune.com/global500/2020/search/
[38] Note that the situation of CSIC is examined before its planned merger with CSSC.
[39] For an overview of all central SOEs,
see http://www.sasac.gov.cn/n4422011/n14158800/n14158998/c14159097/content.html
[40] CSIC took the 245th place in the Global Fortune 500 (2018), https://fortune.com/global500/2018/china-shipbuilding-industry/
[41] For more information about this company, see https://www.qixin.com/company/edce69dd-a470-41af-80ee-55c1da81bf31?section=partners and https://www.qixin.com/article/7f6d6723-c8c2-4071-9204-135d4984d707

42 https://www.bloomberg.com/profile/company/CSIZ:CH; https://fortune.com/global500/2019/china-shipbuilding-industry/

43 W. Leutert, ''Challenges Ahead in China's Reform of State-Owned Enterprises'', Asia Policy 2016, 87.

44 http://www.csic.com.cn/n5/n18/c17964/content.html. For more information about the ''A-label'' category, see http://www.sasac.gov.cn/n4470048/n13461446/n15140232/n15140242/c15170188/content.html

45 National champions can be defined as ''*companies which help further the government's strategic aims and in return, the government supports these companies by providing easier access to financing, giving preference in government contract bidding, and sometimes oligarchy or monopoly status in protected industries, giving these companies a number of advantages over their competitors.''*, https://www.foreignpolicyjournal.com/2017/05/15/chinas-national-champions-state-support-makes-chinese-companies-dominant/

46 C.J. Milhaupt and M. Pargendler, "Governance Challenges of Listed State-Owned Enterprises Around the World: National Experiences and a Framework for Reform", Cornell International Law Journal 2017, 526.

47 See for instance the visit by SASAC of Dalian Shipbuilding (part of CSIC) in 2017, where one of the executives of Dalian Shipbuilding proclaimed that he *''hopes the State-owned Assets Supervision and Administration Commission can call for relevant national ministries and commissions to continually furnish related policy support to DSIC."*, http://www.dsic.cn/home/xwzxen/jtxwen/324513.htm

48 For an overview of the leadership structure of the Chinese Communist Party, see The US-China Business Council, ''China's 2017 Communist Party Leadership Structure & Transition'', 2017, https://www.uschina.org/sites/default/files/LeadershipReport.pdf and L. Gore, ''the Communist Party-Dominated Governance Model of China: Legitimacy, Accountability and Meritocracy'', the Journal of the Northeastern Political Science Association 2019, 161 - 194.
For an overview of the key players of the Communist Party per institution, see http://www.chinavitae.org/search/main.php. Note that this website is not always up to date.

49 See for instance the party school of DSIC (part of CSSC) http://www.dsic.cn/home/xwzxen/jtxwen/325166.htm

50 ''*The CCP's nomenklatura system can be defined as a set of rules which establish the lists of leading personnel positions across various institutional spheres, such as government, industry, finance and education, over which various levels of Party committees exercise control.''*, Ch. Li, ''Holding ''China Inc.'' Together: the CCP and the Rise of China's *Yangqi''*, The China Quarterly 2016, 937.

51 Mr. Liu for instance held office as Deputy Director of SASAC before joining CSIC in 2011.

52 See for instance the speech of Pan Yaoliang, Deputy Secretary of the Party Committee and Secretary of the Disciplinary Committee of CSIC, at a 2018 meeting: ''*Leading cadres must, through continuous learning, improve their ideological and political accomplishments, increase their own knowledge and talents, and firm their correct political beliefs. We must use Xi Jinping's socialist ideology with Chinese characteristics as a guide to thoroughly study and implement the important speeches of General Secretary Xi Jinping's series of speeches, learn and think, learn and believe, and learn to use them.''*, http://en.csiem.com/content-14-17-1.html

53 K.E. Brodsgaard, "Politics and Business Group Formation in China: the Party in Control?", The China Quarterly 2012, 635; W. Leutert, "Firm Control: Governing the State-Owned Economy Under Xi Jinping", China Perspectives 2018, 28; Ch. Li, ''Holding ''China Inc.'' Together: the CCP and the Rise of China's *Yangqi''*, The China Quarterly 2016, 936-944.

54 http://www.csic.com.cn/n5/n18/c18710/content.html

55 For an English version of the Chinese Communist Party's Constitution, see http://www.xinhuanet.com//english/download/Constitution_of_the_Communist_Party_of_China.pdf:
"The leading Party members groups or Party committees of state-owned enterprises shall play a leadership role, set the right direction, keep in mind the big picture, ensure the implementation of Party policies and principles, and discuss and decide on major issues of their enterprise in accordance with regulations. (...) Primary-level Party organizations shall guarantee and oversee the implementation of the principles and policies of the Party and the state within their own enterprise and shall support the board of shareholders, board of directors, board of supervisors, and manager (or factory director) in exercising their functions and powers in accordance with the law."

56 W. Leutert, ''The Political Mobility of China's Central State-Owned Enterprise Leaders'', The China Quarterly 2018, 12; Lin, The China Quarterly 2017, 116-118.

[57] https://www.rivieramm.com/news-content-hub/news-content-hub/chinese-merger-births-worlds-largest-shipping-firm-56965; https://www.maritime-executive.com/article/shipbuilders-csic-and-cssc-deny-merger-speculations

[58] CPC Central Committee, ''Opinions on Consolidating and Deepening the Educational Achievements on the Theme of ''Don't Forget Your Orignal Heart, Keep Your Mission in Mind'', http://www.gov.cn/zhengce/2020-09/14/content_5543377.htm; F. Russo, ''Politics in the Boardroom: The Role of Chinese Communist Party Committees'', 2019, https://thediplomat.com/2019/12/politics-in-the-boardroom-the-role-of-chinese-communist-party-committees/;
https://www.scmp.com/economy/china-economy/article/3045053/china-cements-communist-partys-role-top-its-soes-should;
https://www.chinadaily.com.cn/a/201911/30/WS5de1572ca310cf3e3557b0cf.html;
https://www.bloomberg.com/news/articles/2020-01-08/china-steps-up-communist-party-control-in-state-owned-firms

[59] W. Leutert, ''State-Owned Enterprises in Contemporary China'' in L. Bernier, M. Florio and Ph. Bance (eds.), *The Routledge Handbook of State-Owned Enterprises*, New York, Routledge, 2020, http://www.wendyleutert.com/research, 10-11.
See also section 2.(5).1. Guiding Opinions of the General Office of the State Council on Further Improving the Corporate Governance Structure of State-owned Enterprises, Guo Ban Fa [2017], No. 36, http://www.gov.cn/zhengce/content/2017-05/03/content_5190599.htm
See also section 3.(1) and (5) of the Special Report of the State Council on the Management of State-Owned Assets of Enterprises Under the Supervision of State-Owned Assets System in 2019, 2020, http://www.npc.gov.cn/npc/c30834/202010/92861cc1660044d0b4c1511083bab902.shtml.

[60] Cfr. SASAC, ''Notice on the Issuing the Implementation Opinions on Deepening the Internal Audit and Supervision of Central Enterprises'', 2020, no. 6,
http://www.sasac.gov.cn/n2588030/n2588959/c15661368/content.html
Cfr. National Audit Office of China, ''Provisions on Auditing the Economic Responsibilities of the Main Leading Cadres of the Party and Government and the Main Leading Personnel of State-Owned Enterprises and Institutions'', 2019, http://www.audit.gov.cn/n6/n36/c133406/content.html and articles 13-16 of its Detailed Rules for the Implementation of these rules, http://www.audit.gov.cn/n6/n36/c132978/content.html
For an example of an audit of CSIC in 2011,
see http://www.audit.gov.cn/en/n746/n752/n767/c66605/part/30362.pdf
For an example of an audit of CSSC in 2015, see http://www.audit.gov.cn/n11/n536/n537/c97731/content.html

[61] Cfr. Central Committee of the Chinese Communist Party, ''Work Rules for the Supervision and Enforcement of Discipline by the Disciplinary Inspection Organs of the Communist Party of China'', 2019, http://www.audit.gov.cn/n6/n36/c129887/content.html

[62] W. Leutert, "Firm Control: Governing the State-Owned Economy Under Xi Jinping", China Perspectives 2018, 33.

[63] For an example, see the meeting of SASAC intending to encourage world class management practices for key SOEs, http://www.csic.com.cn/n5/n20/c18466/content.html and
http://www.sasac.gov.cn/n2588030/n2588924/c15388379/content.html

[64] https://www.economist.com/briefing/2020/08/15/xi-jinping-is-trying-to-remake-the-chinese-economy

[65] L. Yu-Hsin Lin and C.J. Milhaupt, "Party Building or Noisy Signaling? The Contours of Political Conformity in Chinese Corporate Governance", European Corporate Governance Institute, Working Paper No. 493/2020, 1. In similar vein: W. Leutert, ''State-Owned Enterprises in Contemporary China'' in L. Bernier, M. Florio and Ph. Bance (eds.), *The Routledge Handbook of State-Owned Enterprises*, New York, Routledge, 2020, http://www.wendyleutert.com/research, 11-12 and W. Zhou, H. Gao and X. Bai, ''Building a Market Economy Through WTO-Inspired Reform of State-Owned Enterprises in China'', International and Comparative Law Quarterly 2019, 982.

[66] https://www.oecd-ilibrary.org/governance/g20-oecd-principles-of-corporate-governance-2015_9789264236882-en

[67] W. Leutert, "Firm Control: Governing the State-Owned Economy under Xi Jinping", China Perspectives 2018, 35; https://www.tradewindsnews.com/shipyards/csic-chairman-hu-retires-ahead-of-merger-between-chinese-shipbuilding-giants/2-1-666120

This practice is in line with section 2.5.3 of the Guiding Opinions of the General Office of the State Council on Further Improving the Corporate Governance Structure of State-owned Enterprises, Guo Ban Fa [2017], No. 36, http://www.gov.cn/zhengce/content/2017-05/03/content_5190599.htm.

[68] http://www.dsic.cn/home/xwzxen/mtjjen/324918.htm and http://www.shgsic.com/home/xwzxen/320633.htm

[69] http://www.csic.com.cn/n6/n29/c16119/content.html
In the same line: http://www.csic.com.cn/n5/n20/c16064/content.html

[70] For a trial version of the Regulations, see http://www.csic.com.cn/n6/n27/c16000/content.html

[71] http://www.csic.com.cn/n6/n27/c16017/content.html

[72] See preamble of the trial Regulations, http://www.csic.com.cn/n6/n27/c16000/content.html

[73] See Central Committee of the Communist Party, ''Party Committee Regulations on the Implementation of the Party's Responsibility for Strictly Governing the Subject of the Party'', 2020, http://www.cssc.net.cn/n6/n27/c16482/content.html and the newly established Party Group Theory Learning Centre, which intends to study Xi Jinping's speeches and instructions, http://www.cssc.net.cn/n6/n27/c16508/content.html
For a few recent examples of study sessions, see http://www.csic.com.cn/n5/n18/c18755/content.html; http://www.csic.com.cn/n5/n20/c18712/content.html

[74] For a recent example of such an inspection (March 2020) at CSSC, see http://www.cssc.net.cn/n5/n18/c16522/content.html

[75] http://www.csic.com.cn/n6/n27/c16000/content.html

[76] http://www.csic.com.cn/n6/n27/c14955/content.html

[77] http://www.csic.com.cn/n5/n20/c15882/content.html

[78] http://www.miit.gov.cn/n1146290/n1146402/n7039597/c7444232/content.html

[79] Report of the Party Leadership Group of China Shipbuilding Corporation Limited during the Third Round of the 19th Central Inspection Tour, March 2020, http://www.cssc.net.cn/n5/n18/c16522/content.html, notably annex 2.

[80] http://www.csic.com.cn/n5/n20/c7630/content.html

[81] See MIIT, ''12th Five-Year Implementation Plan for the Shipbuilding Sector (2011-2015)'', published in 2012, http://www.miit.gov.cn/n1146295/n1652858/n1652930/n3757018/c3757369/content.html, last paragraph of the document.

[82] See the principle ''Establish ownership arrangements that are conducive to integrity'', OECD Recommendation of the Council on Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises (2019), C/MIN(2019)5/FINAL.

[83] See in particular principle 4 (Act as an informed and active owner with regards to integrity in SOEs), G20 High-Level Principles for Preventing Corruption and Ensuring Integrity in State-Owned Enterprises (2018), http://www.g20.utoronto.ca/2018/final_hlps_on_soes.pdf

[84] CSIC, ''Corporate Social Responsibility Report'', 2018, http://www.csic.com.cn/n8/n57/c8308/part/9784.pdf, 3: *''Taking mastering and earnestly practicing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles of the 19th CPC National Congress as our primary political mission while attaching equal importance to implementing President Xi's instructions, we maintained political integrity, thought in terms of the big picture, followed the leadership core, and kept in alignment with the central Party leadership, had full confidence in the path, theory, system, and culture of socialism with Chinese characteristics, and remained firmly safeguarding Xi's status as the core of the CPC Central Committee and the whole Party, as well as the authority and centralized, unified leadership of the CPC Central Committee, all of which also was integrated into our work contents of comprehensive Party building, focus on our strategic positioning and pooling our strengths for revitalizing CSIC with advanced equipment.''*

[85] This term was inserted in the Constitution of the Chinese Communist Party (see http://www.xinhuanet.com//english/download/Constitution_of_the_Communist_Party_of_China.pdf) after the 19th National Congress of the Communist Party of China, (http://english.mee.gov.cn/News_service/media_news/201711/P020171106321601996894.pdf). In essence, it refers to Xi Jinping's vision and ideology for the future development of China. It includes several aspects such as the building of a moderately prosperous society; a people-centered philosophy of development to promote

well-rounded human development and common prosperity for everyone; to establish a socialist rule of law; and to foster a new type of international relations to build a community with a shared future of mankind.

[86] https://www.oecd-ilibrary.org/governance/g20-oecd-principles-of-corporate-governance-2015_9789264236882-en

[87] See for instance the 2019 statement by the American CEO-led association Business Roundtable, which reconfigures the purpose of a corporation to include investments in employees, to generate long-term value for its stakeholders, https://opportunity.businessroundtable.org/ourcommitment/.

[88] Group Brochure Yanzijiang Shipbuilding (2017), http://www.yzjship.com/upload/doc/20170428.pdf, 3.

[89] See https://www.sgx.com/securities/company-announcements?value=YANGZIJIANG%20SHIPBUILDING%20(HOLDINGS)%20LTD.&type=company

[90] Corporate Presentation Yangzijang Shipbuilding February 2020, http://yangzijiang-cn.listedcompany.com/newsroom/20200228_003410_NULL_LXHBC06SQ1VBTIDX.3.pdf

[91] https://lloydslist.maritimeintelligence.informa.com/LL1128622/YangzijiangMitsui-JV-shipyard-starts-operation; https://www.mes.co.jp/english/press/2018/1011_001111.html

[92] Annual Report 2018, http://www.yzjship.com/upload/doc/2018%E5%B9%B4%E5%B9%B4%E6%8A%A5.pdf, 6.

[93] Jiangsu New Times Shipbuilding for instance also incorporated a Party Committee, which aims to implement Chinese policies, http://www.ncship.com.cn/html/670543649.html; http://www.ncship.com.cn/html/8452013550.html

See also Ch. Bai, Ch. Hsieh, and Z. Song, ''Special Deals with Chinese Characteristics'', NBER Macroeconomics Annual 2019, 360-362; L. Yu-Hsin Lin and C.J. Milhaupt, "Party Building or Noisy Signaling? The Contours of Political Conformity in Chinese Corporate Governance", European Corporate Governance Institute, Working Paper No. 493/2020, 22-23; M. Rithmire, ''Varieties of Outward Chinese Capital: Domestic Politics Status and Globalization of Chinese Firms'', Harvard Business School, Working Paper 20-009, 2019, 7-8.

[94] J. Milhaupt and W. Zheng, ''Beyond Ownership: State Capitalism and the Chinese Firm'', The Georgetown Law Journal 2015, 668, 700-702 and 704; M. Rithmire, ''Varieties of Outward Chinese Capital: Domestic Politics Status and Globalization of Chinese Firms'', Harvard Business School, Working Paper 20-009, 2019, 8.

[95] Center for Strategic and International Studies (CSIS), ''Hidden Harbors: China's State-Backed Shipping Industry'', 2020, https://www.csis.org/analysis/hidden-harbors-chinas-state-backed-shipping-industry

[96] Annual Report 2018, http://www.yzjship.com/upload/doc/2018%E5%B9%B4%E5%B9%B4%E6%8A%A5.pdf, 27 and 29.

[97] See P.M. Thornton, ''the New Life of the Party: Party-Building and Social Engineering in Greater Shanghai'', the China Journal 2012, 61 and 65-66.

[98] See also, CPC Central Committee, ''Opinions on Strengthening the United Front Work of Private Economy in the New Era'', 2020, http://www.gov.cn/zhengce/2020-09/15/content_5543685.htm; S. Livingston, ''The Chinese Communist Party Targets the Private Sector'', 2020, https://www.csis.org/analysis/chinese-communist-party-targets-private-sector; https://www.bloomberg.com/news/articles/2020-09-16/chinese-communist-party-wants-stronger-role-in-private-sector; https://www.ft.com/content/582411f6-fc3b-4e4d-9916-c30a29ad010e; https://www.nytimes.com/2020/09/17/business/china-communist-private-business.html; https://www.wsj.com/articles/china-xi-clampdown-private-sector-communist-party-11607612531

[99] Cfr. Yangzijiang Shipbuilding, Sustainability Report 2018, https://links.sgx.com/FileOpen/Yangzijiang_SR_FY2018.ashx?App=Announcement&FileID=561430, 17 and cfr. http://en.hailukj.com/news/17.html.

[100] https://www.theguardian.com/world/2019/jul/25/china-business-xi-jinping-communist-party-state-private-enterprise-huawei; https://www.tradewindsnews.com/finance/communist-party-picks-its-winners-to-carry-flag-at-home-and-abroad/2-1-330431; https://www.scmp.com/economy/china-economy/article/2174811/chinese-communist-party-needs-curtail-its-presence-private

[101] J. Milhaupt and W. Zheng, ''Beyond Ownership: State Capitalism and the Chinese Firm'', The Georgetown Law Journal 2015, 694-696; https://thediplomat.com/2019/12/politics-in-the-boardroom-the-role-of-chinese-communist-party-committees/

[102] J. Milhaupt and W. Zheng, ''Beyond Ownership: State Capitalism and the Chinese Firm'', The Georgetown Law Journal 2015, 697-699.
[103] http://www.yzjship.com/en/about.asp?sid=2
[104] Annual Report 2018, http://www.yzjship.com/upload/doc/2018%E5%B9%B4%E5%B9%B4%E6%8A%A5.pdf, 12, 20 and 22.
[105] Yangzijiang Shipbuilding, Corporate Presentation April 2018, http://yangzijiang-cn.listedcompany.com/newsroom/20180426_215726_NULL_192DUO2GIQTFARGF.2.pdf, 11.
[106] https://www.seatrade-maritime.com/shipbuilding/yangzijiang-shipbuilding-bolstered-tiger-group-orders-worth-115bn; https://splash247.com/yangzijiang-shipbuilding-acquires-remaining-stake-in-huayuan-logistics/; https://lloydslist.maritimeintelligence.informa.com/LL1131393/Tiger-Group-linked-with-large-boxship-order-at-Yangzijiang
[107] https://www.tradewindsnews.com/twplus/ren-le-tian-rebuilding-yangzijiang-his-way/2-1-875253
[108] Cfr. P.J. Barwick, M. Kalouptsidi and N.B. Zahur, ''China's Industrial Policy: an Empirical Evaluation'', 2019, https://barwick.economics.cornell.edu/Yr19_ChinaShipyard_BKZ.pdf
[109] CSIC Annual Report 2018.
[110] https://lloydslist.maritimeintelligence.informa.com/LL1128922/Bocomm-Leasing-behind-VLOC-brace-at-Yangzijiang; https://lloydslist.maritimeintelligence.informa.com/LL1129057/Yangzijiang-secures-more-Bocomm-Leasinglinked-VLOC-orders; https://www.seatrade-maritime.com/asia/yangzijiang-confirms-order-six-vlocs-icbc-leasing; https://www.tradewindsnews.com/dry-cargo/yangzijiang-puts-pen-to-paper-for-icbc-vlocs/1-1-391679; https://www.icbcleasing.com/node/125
[110] https://www.tradewindsnews.com/ship-sales/ren-yuan-pushes-for-end-to-state-subsidies-to-chinese-shipbuilders/2-1-201545
[111] https://lloydslist.maritimeintelligence.informa.com/LL1122217/The-Interview-Ren-Yuanlin; https://lloydslist.maritimeintelligence.informa.com/LL1121146/Yard-Talk--Will-Chinas-shipbuilding-bailout-lead-to-capacity-cut. https://www.seatrade-maritime.com/asia/yangzijiang-confirms-order-six-vlocs-icbc-leasing; https://www.tradewindsnews.com/dry-cargo/yangzijiang-puts-pen-to-paper-for-icbc-vlocs/1-1-391679; https://www.icbcleasing.com/node/125
[112] https://www.tradewindsnews.com/ship-sales/ren-yuan-pushes-for-end-to-state-subsidies-to-chinese-shipbuilders/2-1-201545
[113] Center for Strategic and International Studies (CSIS), ''Hidden Harbors: China's State-Backed Shipping Industry'', 2020, https://www.csis.org/analysis/hidden-harbors-chinas-state-backed-shipping-industry
[114] Cfr. OECD report on shipbuilding in China, 2020.
[115] J. Milhaupt and W. Zheng, ''Beyond Ownership: State Capitalism and the Chinese Firm'', The Georgetown Law Journal 2015, 700-702 and 705.
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[118] Annual Report 2017, http://www.yzjship.com/upload/doc/2017%E5%B9%B4%E5%B9%B4%E6%8A%A5.pdf, 7.
[119] C.J. Milhaupt and M. Pargendler, "Governance Challenges of Listed State-Owned Enterprises Around the World: National Experiences and a Framework for Reform", Cornell International Law Journal 2017, 532.