

Title page, Content, etc.

権利	Copyrights 日本貿易振興機構 (ジェトロ) アジア 経済研究所 / Institute of Developing Economies, Japan External Trade Organization (IDE-JETRO) http://www.ide.go.jp
journal or publication title	Beyond Market Socialism Privatization of State-owned and Collective Enterprises in China
year	2003
URL	http://hdl.handle.net/2344/00010295

IDE Spot Survey

***Beyond Market Socialism
Privatization of State-owned and
Collective Enterprises in China***

March, 2003

Edited by Ken-ichi IMAI

INSTITUTE OF DEVELOPING ECONOMIES

IDE-JETRO

Contents

Executive Summary

Chapter 1

Ken-ichi IMAI

Privatization in China.....	1
Overview	1
1.1 Subject of Analysis.....	1
1.2 Momentum toward Privatization	3
1.3 Inching toward Establishment of Privatization Policy	4
1.4 Changes in the Environment	5
1.5 Direction of Privatization	6

Chapter 2

Ken-ichi IMAI

Dynamics of Ownership Transformation: Privatization of Small and Medium Scale Enterprises	9
Introduction	9
2.1 Accelerating Privatization of Small and Medium Scale Enterprises.....	9
2.2 Current Status of Privatization of Small and Medium Scale Enterprises	12
2.3 Dynamics of Ownership Transformation.....	21
Conclusion.....	23

Chapter 3

Xiaochun HUANG

Privatization of Newly-Emerging State-owned Enterprises: The Case of Mailyard Group.....	27
Introduction	27
3.1 Introduction of a New Business Model Following the Formation of a Joint Venture	27
3.2 Groping for the Formation of a Business Group.....	30
3.3 Establishment and Stock Listing of Mailyard Share Co., Ltd.....	33
3.4 Mutual Transactions between Mailyard Corporation and Mailyard Share.....	36
3.5 Growth of the Enterprise and Role of the Government.....	41
3.6 Path to Privatization: Ownership Structure Matters	44
Conclusion.....	46

Chapter 4

Mariko WATANABE

Privatization as Risk-Hedging: Ownership Structure and Corporate Behavior of Electric Appliances Companies 49

Introduction	49
4.1 Corporate Governance and Business Strategies	49
4.2 Changhong.....	50
4.3 Kelon.....	57
4.4 TCL.....	64
4.5 Privatization as a Means of Avoiding "Government Risk"	66
Conclusion.....	69

Chapter 5

Ken-ichi IMAI

Going Public: Privatization of Large State-owned Enterprises via Stock Market..... 73

Introduction	73
5.1 From Exchange Listing to Sale of State-owned Equity Shares	73
5.2 Constraining Factors for Privatization of Listed Enterprises	81
Conclusion.....	83

Chapter 6

Ken-ichi IMAI

Beyond Market Socialism 85

6.1 Trends in Privatization of Publicly-owned Enterprises	85
6.2 Constraining Factors in Privatization	86
6.3 Outlook.....	87

Tables & Figures

Chapter 1

Figure 1	Two Stages of Privatization	2
Figure 2	Profit on Asset of State-owned Enterprises (Industrial Sector)	3
Table 1	Trends towards Privatization	4

Chapter 2

Table 1	Summary Statistics of State-owned and Urban Collective Enterprises(Based on the Third Industrial Census in 1995)	10
Figure 1	Return on Sales of State-owned Enterprises by Size(The Industrial Sector)	10
Table 2	The Number of State-owned Enterprises in the Industrial Sector	12
Table 3	Overview of Privatized Enterprises Visited	13

Chapter 3

Figure 1	Organizational Transition of Mailyard Group(Summarized)	33
Table 1	Transition of Shareholders and Shareholder Composition of Mailyard Share ..	35
Table 2	Asset Transactions between Mailyard Share and Mailyard Corporation	38
Table 3	Trends of Accounts Receivable and Inventories of Mailyard Share	41
Table 4	Major Mergers Involving Mailyard Group	42

Chapter 4

Table 1	Profiles of Changhong, Kelon, and TCL	51
Figure 1	Ownership Structure of Sichuan Changhong Electric Co., Ltd.(as of 2000 yearend)	56
Figure 2	Ownership Structure of Kelon(after the privatization in November 1, 2001)..	58
Figure 3	Ownership Structure of TCL(as of April 16, 2002)	63

Chapter 5

Table 1	Composition of Stocks Issued by Companies Listed on Shanghai and Shenzhen Stock Markets	74
Figure 1	Stock Listing of State-owned Enterprise: Case of Baoshan Steel	75
Figure 2	Buyout of Changzheng Machine Tool by Top Group	76
Table 2	Trends towards Divestiture of State-owned Shares	77
Figure 3	Trends of Shanghai Stock Exchange Index(May 14, 2001 and afterwards)	80
Figure 4	Growth of Household Savings(1991-2001)	82
Table 3	Composition of Household Financial Assets(as of 1999 year end)	82

Contributors

- Ken-ichi IMAI** Researcher, Area Studies Department I, Institute of Developing Economies, JETRO (Executive Summary, Chapters 1, 2, 5, and 6)
- Xiaochun HUANG** Associate Professor, Faculty of Humanity, Hirosaki University (Chapter 3)
- Mariko WATANABE** Researcher, Economic Development Research Department, Institute of Developing Economies, JETRO (Chapter 4)