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Consultation with the OECD Working Group on Privatisation and State-Owned Assets  
**Written Contribution by TUAC and the Public Services International**  
Including comments on draft OECD Guidelines for Privatisation DAF/CA/PRIV(2009)2  
Paris, 23 April 2009

The TUAC and the Public Services International (PSI) – our sister organisation at the international level – submit the following comments for consideration by the Working Group on Privatisation and State-Owned Assets.

The TUAC and the PSI disapprove the current draft proposal of OECD Guidelines for Privatisation.

On substance, the proposed draft is misguided in so far as it considers the issue of privatisation exclusively through the prism of corporate governance. Yet, privatisation is an eminently political decision and has implications in other policy areas such as public governance and regulatory reform, all of which are not considered as they should in the current text.

If the intent is to guide OECD Member States on the governance arrangements for divestment of state-owned assets, the existing OECD Guidelines on Corporate Governance of State-Owned Enterprises (SOE) provide sufficient guidance. Alternatively, if the objective is to provide guidance on the privatisation process as whole, then the project would require OECD horizontal consultations, including with the OECD Working Party on Regulatory Management and Reform and the Senior Budget Officials network. This does not appear to be the case in the current draft.

The text reveals assumptions about the superior efficiency of private over public sector and state-owned enterprises. Evidence from the IMF and the World Bank point to no inherent efficiency advantage of private over public. And in the context of the current financial crisis, the private sector will inevitably be more expensive, mainly due to cost and availability of capital. Thus, in order to maintain credibility, the OECD may wish to be cautious in some of its assumptions.

The TUAC also notes that our comments on regulated information, consultation and protection of employment and working conditions made at the last consultations with the Working Group in November 2008 have been ignored.

On process, there are reasons to believe that, if adopted, this Guide would be targeted at non-OECD economies, notably via OECD / World Bank Regional Roundtables. Yet, many development aspects are not taken into account in the current draft.

In addition, the TUAC believes that the Working Group's top priority should be the effective monitoring of the implementation of the SOE Guidelines which so far has not been satisfactory. Developing new guidelines while existing ones are not implemented is counter-productive and can only weaken the credibility and authority of the Organisation as a standard-setting body.

**Accordingly, the TUAC and the PSI urge the Working Group to put on hold this project on privatisation and, if needed, to engage horizontal consultations on how the OECD could position itself on privatisation. The TUAC and our sister organisation the PSI stand ready to assist the OECD in this regard.**