

**SINGAPORE AND THE EVOLUTION
OF CHINA'S STATE-OWNED
ENTERPRISES AND
STATE ASSET MANAGEMENT**

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EAI Background Brief No. 1712

Executive Summary

1. Chinese policymakers have been interested in Singapore as a policy reference since the late 1970s, including its approach to state asset management.
2. Losses and corruption in the state-owned economy motivated Chinese officials and economists to debate models for a new central-level state asset management system beginning in the 1990s.
3. They studied Temasek as an example of a “three-tiered” approach combining a first-tier government entity, a second-tier commercial entity and a third-tier of state-owned enterprises (SOEs) and state investments.
4. However, China ultimately adopted a “two-tier approach” in 2003 by establishing the State-Owned Assets Supervision and Administration Commission (SASAC) as a government body directly administering a portfolio of SOEs.
5. After SASAC’s creation, China’s engagement with Temasek and Singapore shifted to focus on corporate governance, specifically the creation and development of boards of directors in SOEs.
6. Nearly 1,000 Chinese SOE executives and officials received training in Singapore; they studied Temasek’s experience in areas including corporate governance, investment strategy, risk management and human resources.
7. Temasek’s example remains attractive to China today, but its actual influence is limited by 1) the far greater size and heavier debt burden of SASAC’s portfolio; 2) the weak role of market forces in China’s state asset management; 3) Chinese SOEs’ enduring social and welfare functions; 4) Beijing’s unwillingness to delegate more authority to firms; and 5) divergent interpretations of the “Temasek model”.

8. Temasek and SASAC's continued engagement today, for example through the SASAC-Temasek Directors Forums, focuses primarily on bilateral cooperation and commercial opportunity rather than institutional emulation.

9. Engagement with Singapore and Temasek highlights Chinese policymakers' selective incorporation of ideas and practices from international sources. This helps explain why points of formal congruence between China and advanced capitalist economies exist, like corporate governance institutions, but without fundamental convergence in function.