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# Government-owned corporation

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A **government-owned corporation, state-owned company, state-owned entity, state enterprise, publicly owned corporation, government business enterprise, commercial government agency, public sector undertaking or parastatal** is a legal entity created by a government to undertake commercial activities on behalf of an owner government. Their legal status varies from being a part of government to stock companies with a state as a regular stockholder. There is no standard definition of a government-owned corporation (GOC) or state-owned enterprise (SOE), although the two terms can be used interchangeably. The defining characteristics are that they have a distinct legal form and they are established to operate in commercial affairs. While they may also have public policy objectives, GOCs should be differentiated from other forms of government agencies or state entities established to pursue purely non-financial objectives.<sup>[1]</sup>

Government-owned corporations are common with natural monopolies and infrastructure such as railways and telecommunications, strategic goods and services (mail, weapons), natural resources and energy, politically sensitive business, broadcasting, demerit goods (alcohol) and merit goods (healthcare).

## Definitions

GOCs can be fully owned or partially owned by government. As a definitional issue, it is difficult to determine categorically what level of state ownership would qualify an entity to be considered as "state-owned", since governments can also own regular stock, without implying any special interference. As an example, the Chinese Investment Corporation agreed in 2007 to acquire a 10% interest in the global investment bank Morgan Stanley, but it is unlikely that this would qualify the latter as a government-owned corporation. Government-owned or state-run enterprises are often the result of corporatization, a process in which government agencies and departments are re-organized as semi-autonomous corporate entities, sometimes with partial shares listed on stock exchanges.

The term 'government-linked company' (GLC) is sometimes used to refer to corporate entities that may be private or public (listed on a stock exchange) where an existing government owns a stake using a holding company. There are two main definitions of GLCs are dependent on the proportion of the corporate entity a government owns. One definition purports that a company is classified as a GLC if a government owns an effective controlling interest (>50%), while the second definition suggests that any corporate entity that has a government as a shareholder is a GLC.

A quasi-governmental organization, corporation, business, or agency (parastatal) or a "quasi-autonomous national government organisation" (Quango) is an entity that is treated by national laws and regulations to be under the guidance of the government but separate and autonomous from the government. While the entity may receive some revenue from charging customers for its services, these organizations are often partially or majorly funded by the government. They are usually considered highly important to smooth running of society and are sometimes propped up with cash infusions in times of crisis to help surmount situations that would bankrupt a normal privately owned business. They may possess law-enforcement authority, usually related to their functions.

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## Economic sectors

Government-owned corporations often operate in sectors where there is a natural monopoly, or where the government has strategic interest. However, government ownership of industry corporations is common.

Nationalization also forcibly converts a private corporation into a government-owned corporation.

In most OPEC countries, the governments own the oil companies operating on their soil. A notable example is the Saudi national oil company, Saudi Aramco, which the Saudi government bought in 1988 and changed its name from Arabian American Oil Company to Saudi Arabian Oil Company. The Saudi government also owns and operates Saudi Arabian Airlines, and owns 70% of SABIC, as well as many other companies. They are, however, being privatized gradually.

## Commonwealth

In monarchical Commonwealth countries, particularly Australia, Canada and New Zealand, country-wide government corporations often use the style "Crown corporation." Equivalent terms include "State-owned enterprises" and "Crown entities" in New Zealand, and Government Business Enterprise (GBE) in Australia. Examples of Crown corporations include the Canadian Broadcasting Corporation and Air Canada before the latter underwent privatization. Cabinet ministers (Ministers of the Crown) often control the shares in such public corporations.

At the level of local government, territorial or other authorities may set up government corporations such as "Local Authority Trading Enterprises" (LATEs). Many local authorities establish services such as water supply as separate corporations or as a business unit of the authority.

## Australia

In Australia the predominant term used for Commonwealth government-owned companies is "government business enterprise" (GBE). Various Australian states also have GBEs, especially with respect to the provision of water and sewerage, but many state-based GBEs were privatized in some states during the last decade of the twentieth century.

Commonwealth GBEs include:

- the Australian Broadcasting Corporation – fully owned and funded;
- the Special Broadcasting Service – fully owned, and combines government funding and commercial funding;
- Australia Post – the Australian postal service; and
- NBNCo – fully owned and responsible for the rollout of the National Broadband Network.

These corporations are overseen by the Department of Broadband, Communications and the Digital Economy.

## Privatization

Former Commonwealth government-owned corporations include Telstra, established in the 1970s as Telecom Australia. Telstra, now Australia's leading telecommunications company, was privatized in 1997 by the government of John Howard. As of June 2010 Telstra owned a majority of the copper wire infrastructure in Australia (the rest is owned by Optus) and is pending sale to its former parent, the Australian government, for a non-binding amount of 11 billion Australian dollars, as ducts in the copper wire tunnels are needed to install the fiber optic cable.

In Victoria many GBEs were sold in the 1990s to reduce the state's level of debt. The State Electricity Commission of Victoria and the Gas and Fuel Corporation were the best-known government enterprises to be disaggregated and sold.

## Canada

In Canada, state-owned corporations often use the style *Crown corporation*, indicating that an organization is established by law, owned by the sovereign, and overseen by Parliament and the Cabinet. Examples of Crown corporations include the Canadian Broadcasting Corporation, Canada Post, and ViaRail. Former Crown corporations before their privatization include Air Canada, St. Lawrence Seaway Authority, and Petro-Canada. Ministers of the Crown often control the shares in such public corporations, while Parliament both sets out the laws that create and bind Crown corporations and sets their annual budgets.

Crown corporations also exist at the provincial level in Canada. Saskatchewan has maintained the largest number of Crown corporations, including SaskEnergy, SaskPower, SaskTel, SaskWater, and Saskatchewan Government Insurance. Crown corporations of British Columbia include BC Hydro, BC Ferries, BC Housing Management Commission and the British Columbia Lottery Corporation.

Privatization, or the selling of Crown corporations to private interests, is very common throughout Canada. Petro-Canada, Canadian National Railway, and Air Canada are examples of former federal Crown corporations that have been privatized. At the provincial level, privatized former Crown corporations include Alberta Government Telephones (which merged with privately owned BC Tel to form Telus), BCRIC, Manitoba Telecom Services, and Potash Corporation of Saskatchewan which retained its name and has become the world's largest producer of potash.

Key federally owned corporations include:

- Via Rail
- Canadian Broadcasting Corporation
- Canada Post

The Government of Canada owned the airport infrastructure but did not operate the airport (transferred to local airport authorities from Transport Canada):

- Toronto Pearson International Airport
  - Vancouver International Airport
  - Montréal-Pierre Elliott Trudeau International Airport
  - Calgary International Airport
  - Ottawa Macdonald-Cartier International Airport
  - Edmonton International Airport
  - Halifax Stanfield International Airport
  - Winnipeg James Armstrong Richardson International Airport
  - Victoria International Airport
  - Kelowna International Airport
  - St. John's International Airport
  - Regina International Airport
  - Saskatoon John G. Diefenbaker International Airport
  - Prince George Airport
  - Québec City Jean Lesage International Airport
  - London International Airport
  - Thunder Bay International Airport
  - Montréal-Mirabel International Airport
  - Aéroport international Pierre-Elliott-Trudeau de Montréal
  - Fredericton International Airport
  - Greater Moncton International Airport
  - Saint John Airport
  - Gander International Airport
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## New Zealand

In New Zealand, the terms used for government-owned companies include "state-owned enterprises" and "crown entities". Local government councils and similar authorities also set up government corporations, such as water supply companies and "local-authority trading enterprises" (LATEs) (New Zealand), as separate corporations or business unit of the councils concerned.

Government owned businesses which are the crown entities:

- Television New Zealand
- Radio New Zealand

State-owned enterprises include:

- New Zealand Post
  - Kiwibank
- Meteorological Service of New Zealand Limited
- Airways New Zealand
- Transpower New Zealand Limited
- Landcorp
- Kordia
  - Orcon Internet Limited
- Mighty River Power
- Meridian Energy
- Genesis Power
- Learning Media Limited
- Solid Energy
- Crown Fibre Holdings

State-owned enterprises which has been privatised and then renationalised:

- New Zealand Railways Corporation
  - KiwiRail
- Air New Zealand
- Quotable Value (partially privatised) <sup>[2]</sup>

## United Kingdom

After extensive privatizations of publicly owned companies during the Margaret Thatcher administration, there remain few publicly owned corporations in the UK. Ongoing privatizations lasted from the end of the 1970s, through the 1980s until 1990 with the privatization of British Rail. After the Hatfield rail crash accident, the British government had to intervene and renationalize some companies.

Central government

- East Coast Trains
- Royal Mail to be privatized before 2014<sup>[3]</sup>
- NATS Holdings (49%) privatization to be completed soon.
- National Nuclear Laboratory
- London and Continental Railways
- Network Rail

Rescued banks

- UK Financial Investments Limited
  - Northern Rock (Asset Management)

- Lloyds Banking Group (partial)
- UK Asset Resolution Ltd
- The Royal Bank of Scotland Group (partial)

#### Devolved government

- Scottish Water (Scottish Government)
- Caledonian MacBrayne (Scottish Government)
- Translink (Northern Ireland Government)
- Northern Ireland Water (Northern Ireland Government)

#### Local government

- Manchester Airport (Greater Manchester local authorities)
- Manchester Metrolink (Transport for Greater Manchester)
- Tyne and Wear Metro (Tyne and Wear Integrated Transport Authority)
- London Underground (Transport for London)

## Europe

In Western Europe there was a massive nationalization throughout the 20th century, especially after World War II to ensure Government control over natural monopolies and to some extent industry. Typical sectors included telecommunications, power, petroleum, railways, airports, airlines, public transport, health care, postal services and sometimes banks. Many large industrial corporations were also nationalized or created as Government corporations, including among many British Steel, Statoil and Irish Sugar. Starting in the late 1970s and accelerating through the 1980s and 1990s many of these corporations were privatized, though many still remain wholly or partially owned by the respective governments.

A state-run enterprise needs to be distinguished from an ordinary limited liability corporation owned by the state. For example, in Finland, state-run enterprises (*liikelaitos*) are governed by a separate act. Even though responsible for their own finances, they cannot be declared bankrupt; the state answers for the liabilities. Stocks of the corporation are not sold and loans have to be government-approved, as they are government liabilities. In contrast, the state also owns controlling interest in ordinary limited liability corporations. A state-run enterprise is technically not always a corporation, it might also be a separate state entity, or simply a governmental agency acting as an enterprise, perhaps having its own budget. Conversely, the state can directly fund unprofitable business, such as railway services to remote areas, regardless of whether the operator is a private corporation.

## Belgium

- National Railway Company of Belgium
- Infrabel
- RTBF
- Vlaamse Radio- en Televisieomroeporganisatie
- Belgacom (53.3%)
- Belgischer Rundfunk
- Brussels Airport (25%)

Region of Wallonia owns the:

- Brussels South Charleroi Airport
  - Liège Airport
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## France

The fully owned corporations (51% or more) of the Republic of France:

- La Poste
- France Télévisions
- Radio France
- SNCF
- Régie autonome des transports parisiens
- Réseau ferré de France
- Nexter
- Areva (89.9%) 8,4% directly by the French State and 85% owned by \*Commissariat à l'énergie atomique which is state-owned.
- Électricité de France (84.4%)
- Aéroports de Paris (52%)
- Française des jeux (72%)

The state of France owns a minority stake in:

- GDF Suez (35,9%)
- France Télécom (13,2%)
- Safran (30,2%) (+ 7,4% by Areva )
- Air France-KLM (16%)
- Renault (15.01%)
- Thales (27%)
- Marché international de Rungis (33,34%)+ + 18.79% by local area +4.60 by Caisse des dépôts et consignations

## Netherlands

- ABN AMRO (nationalized in 2008)
- SNS Reaal (nationalized in 2013)

## Russia

Government-owned Open joint-stock company

Examples:

- OJSC Russian Railways (100% owned by state)
- OJSC Rusnano
- OJSC Aeroflot – Russian Airlines (51%)
- OJSC Channel One Russia (75%)
- OJSC RusHydro (65%)
- OJSC Sberbank (50%+1)
- OJSC Gazprom (50%+1)
- OJSC Rosneft (75%)
- OJSC Rostelecom (56,8%)

Unitary enterprise

In Russia and some other post-Soviet states, a *unitary enterprise* (Russian: унитарное предприятие) is a commercial organization that have no ownership rights to the assets used in their operations. This form is possible only for state and municipal enterprises, operating with state or municipal property, respectively. The owners of the property of a unitary enterprise have no responsibility for its operation, and vice versa.

The assets of unitary enterprises belong to the Federal government, a Russian region, or a municipality. A unitary enterprise holds assets under the right of economic management (for both state and municipal unitary enterprises) or operative management (for state unitary enterprises only), and that such assets may not be distributed among the participants, nor otherwise divided. A unitary enterprise is independent in economic issues and obliged only to give its profits to the state. Unitary enterprises would have no right to set up subsidiaries, but, with the owner's consent, can open branches and representation offices.

#### State corporation

By contrast, a *state corporation* (Russian: государственная корпорация) is a non-profit organization which manages its assets as described in its charter. State Corporations are not obliged to submit to public authorities documents accounting for activities (except for a number of documents submitted to the Russian government) and, as a rule, are subordinate not to the government, but to the Russian president, and act to accomplish some important goal. Control by the Government is implemented on the basis of annual corporation meetings, an annual report on the audit opinion of accounting and financial reporting (accounting), as well as the conclusion of the auditing commission on the results of verification of financial (accounting) statements and other corporation documents. Any other federal government departments, organs of state power of subjects of the Russian Federation, and the local governments have no right to interfere in the activities of State corporations.

## Switzerland

Here is the government owned of the Swiss Confederation:

- Swiss Post
- Swiss Federal Railways
- Skyguide
- RUAG
- Swisscom (56.94%)

## Asia

### Afghanistan

In 2009, the Government of the Islamic Republic of Afghanistan formed the Afghan Public Protection Force (APPF) as a "state owned enterprise" subordinate to the Ministry of the Interior. By Presidential Decree, the APPF is mandated to replace all non-diplomatic private security companies by 20 March 2013 to become the sole provider of pay-for-service security contracts within Afghanistan.<sup>[4]</sup>

### China, People's Republic of

After 1949, all business entities in the People's Republic of China were created and owned by the government. In the late 1980s, the government began to reform the state-owned enterprise, and during the 1990s and 2000s, many mid-sized and small sized state-owned enterprises were privatized and went public. There are a number of different corporate forms which result in a mixture of public and private capital. In PRC terminology, a state-owned enterprise refers to a particular corporate form, which is increasingly being replaced by the listed company. State-owned enterprises are governed by both local governments and, in the central government, the national State-owned Assets Supervision and Administration Commission. As of 2011, 35% of business activity and 43% of profits in the People's Republic of China resulted from companies in which the state owned a majority interest. Liberal critics, such as *The New York Times*, allege that China's state-owned companies are a vehicle for corruption by the families of ruling party leaders who have sometimes amassed fortunes while managing them.<sup>[1]</sup>

## China, Republic of (Taiwan)

The founding father of the Republic of China and of the Kuomintang, Sun Yat-sen, was heavily influenced by the economic ideas of Henry George, who believed that the rents extracted from natural monopolies or the usage of land belonged to the public. Sun argued for Georgism and emphasized the importance of a mixed economy, which he termed "The Principle of Minsheng" in his Three Principles of the People.

"The railroads, public utilities, canals, and forests should be nationalized, and all income from the land and mines should be in the hands of the State. With this money in hand, the State can therefore finance the social welfare programs."<sup>[5]</sup>

Kuomintang leader, and later President of the Republic of China on the mainland and Taiwan, Chiang Kai-shek, crushed pro-communist worker and peasant organizations and the rich Shanghai capitalists at the same time. Chiang continued Sun Yat-sen's anti-capitalist ideology-Kuomintang media openly attacked the capitalists and capitalism, demanding government-controlled industry instead.<sup>[6]</sup>

The Kuomintang Muslim Governor of Ningxia, Ma Hongkui promoted state-owned monopoly companies. His government had a company, Fu Ning Company, which had a monopoly over commerce and industrial activity in Ningxia.<sup>[7]</sup>

Under the Kuomintang Muslim General Ma Bufang in Qinghai, industries and projects such as educational, medical, agricultural, and sanitation schemes were controlled by the state.<sup>[8]</sup>

The Chinese Muslim 36th Division (National Revolutionary Army) governed southern Xinjiang from 1934 to 1937. The General Ma Hushan was chief of the 36th Division. Chinese Muslims operated state-owned carpet factories.<sup>[9]</sup>

Corporations such as CSBC Corporation, Taiwan, CPC Corporation, Taiwan and Aerospace Industrial Development Corporation are owned by the state in the Republic of China.

## India

In India, a government-owned corporation is termed a *Public Sector Undertaking* (PSU). This term is used to refer to companies in which the government (either the federal Union Government or the many state or territorial governments, or both) own a majority (51 percent or more) of the company equity. There are 251 PSU companies in India as of 2012.

Some examples include:

- Air India
- Balmer Lawrie
- Bharat Electronics Limited
- Bharat Heavy Electricals Limited
- Bharat Petroleum
- Bharat Sanchar Nigam Limited
- Bank of India
- Biotech Consortium India Limited
- Coal India Limited
- Engineers India Limited
- Cotton Corporation of India
- Electronics Corporation of Tamil Nadu
- Engineering Projects India Limited (EPIL)
- Food Corporation of India
- GAIL
- Heavy Engineering Corporation
- Hindustan Aeronautics Limited

- Hindustan Cables
- HMT Limited
- Indian Oil Corporation
- Indian Telephone Industries Limited
- Jute Corporation of India Limited
- State Bank of India
- Mahanagar Telephone Nigam Limited
- Mazagon Dock Limited
- MECON Limited
- Modern Food Industries
- NTPC Limited
- Nuclear Power Corporation of India Ltd
- Oil and Natural Gas Corporation
- PowerGrid Corporation of India
- State Bank of India
- Syndicate Bank
- Steel Authority of India Limited
- Tamil Nadu Electricity Board
- Tamil Nadu State Transport Corporation
- Kerala State Road Transport Corporation

### **Tamil Nadu**

In Tamil Nadu, Government of Tamil Nadu has some Public Sector Undertaking(PSU) under its control.

- Tamil Nadu Generation and Distribution Corporation Limited
- Tamil Nadu Transmission Corporation Limited
- Tamil Nadu Civil Supplies Corporation
- State Industries Promotion Corporation of Tamil Nadu
- Tamil Nadu Industrial Development Corporation
- Tamil Nadu Newsprint and Papers Limited
- Tamil Nadu Cement Corporation Limited (TANCEM)
- Tamil Nadu State Transport Corporation
- Poompuhar Shipping Corporation Limited

### **Indonesia**

Government-owned corporations are easy to recognise by their names. Company names with suffix PERSERO mean that the company is wholly/majority owned by the government. The government takes control of the state corporations under one single ministry, the Ministry of State Enterprises, which acts like the CEO of a holding company. Some of the government-owned corporations are;

- Bank Mandiri, Bank Rakyat Indonesia and Bank Negara Indonesia – Banking sector
- Pertamina – Energy, Oil/fuel, and gas sector
- Garuda Indonesia – Transport sector (international airline)
- Telkom Indonesia – Telecommunications sector
- Perusahaan Listrik Negara – the Electric company, Energy sector (national electricity utility)
- PT Kereta Api Indonesia – Transport sector (national railway)
- Pos Indonesia – Postal service sector
- TVRI – National television channel
- PT Krakatau Steel – Steel producer

- PT Dirgantara Indonesia – Manufacture (aircraft manufacture)
- PT Industri Kereta Api – Manufacture (train manufacture)
- PT Barata Indonesia – Manufacture
- PT Boma Bisma Indra – Manufacture
- Antara- News agency

In January 2012, the Minister of State Enterprises decided to unite manufacturing companies and for the first stage PT Barata should acquire PT Bisma to make an effective manufacturing sector.<sup>[10]</sup>

## Japan

In Japan, Japan Post was reorganized into Japan Post Group in 2007 as a material step of the postal privatization. It is currently wholly owned by the government, but is planned to be sold into private ownership. Japan Railways Group (JR), Nippon Telegraph and Telephone (NTT) and Japan Tobacco (JT) were formerly owned by the government.

## Philippines

Government owned and controlled corporations, or GOCCs, include a wide variety of different independent organizations. Some have a commercial purpose, such as the Philippine National Oil Company, while others like the Government Service Insurance System (GSIS), or the Philippine Institute for Development Studies fulfill more traditional government roles. The leadership, budget, and funding of the corporations are independent of the Philippine National Government but to varying degrees. Some such as the National Food Authority receive quite a bit of subsidy from the National Government.<sup>[11]</sup>

## Singapore

The economy of Singapore is dominated by government-linked corporations that produce as much as 60% of the country's GDP.<sup>[12]</sup> These government-linked companies are owned by a government holding agency, Temasek Holdings. Notable Government-linked corporations include Singapore Airlines, SingTel, ST Engineering, MediaCorp and Singapore Temasek Holdings.

## Thailand

Here is the government owned corporation owned by the kingdom of Thailand. The Kingdom of Thailand as shareholding of 51% or more.

- Airports of Thailand
  - Electricity Generating Authority of Thailand
  - Industrial Estate Authority of Thailand
  - Krung Thai Bank
  - Metropolitan Waterworks Authority
  - Port Authority of Thailand
  - Provincial Waterworks Authority
  - PTT Public Company Limited
  - Thai Airways International
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## Africa

### Kenya

Parastatals in Kenya, partly from a lack of expertise and endemic corruption, have largely inhibited economic development. In 1979, a presidential commission went as far as saying that they constituted "a serious threat to the economy", and, by 1989, they had still not furthered industrialization or fostered the development of a Black business class.<sup>[13]</sup>

Several Kenyan SOEs have been privatized since the 1980s, with mixed results.<sup>[14][15]</sup>

### South Africa

In South Africa "the Department of Public Enterprises is the shareholder representative of the South African Government with oversight responsibility for state-owned enterprises in key sectors, including: Defence, Energy, Forestry, ICT, Mining and Transport". The current (March 2011) Minister of Public Enterprises is Malusi Gigaba.<sup>[16]</sup>

The corporate entities that this department is responsible for are:

- Alexkor – Mining sector (diamond mining)
- Broadband Infraco – ICT sector (national backbone and international connectivity)
- Denel – Aerospace and Defence sector (armaments manufacturer)
- Eskom – Energy sector (national electricity utility)
- PBMR – Energy sector (development of Pebble Bed Modular Reactor nuclear energy technology)
- South African Airways – Transport sector (international airline)
- SA Express – Transport sector (regional and feeder airline)
- SAFCOL – Forestry sector (manages forestry on state owned land)
- Transnet – Transport and related infrastructure sector (railways, harbours, oil/fuel pipelines and terminals)
- Telkom SA – Telecommunications sector (national fixed line telephone network (PSTN))

Other corporate entities not under the Department of Public Enterprises include the South African Post Office and the South African Broadcasting Corporation.

## Americas

### Brazil

Government-owned companies are divided into public enterprises (*empresa pública*) and mixed-economy companies (*sociedade de economia mista*). The public enterprises are subdivided into two categories: individual – with its own assets and capital owned by the Union – and plural companies – whose assets are owned by multiple government agencies and the Union, which have the majority of the voting interest. Caixa Econômica Federal, Correios, Embrapa, and BNDES are examples of public enterprises. Mixed-economy companies are enterprises with the majority of stocks owned by the government, but that also have stocks owned by the private sector and usually have their shares traded on stock exchanges. Banco do Brasil, Petrobras, Sabesp, and Eletrobras are examples of mixed-economy companies.

Beginning in the 1990s, the federal government of Brazil launched a privatization program inspired by the Washington Consensus. Public-owned companies such as Vale do Rio Doce, Telebrás, CSN, and Usiminas (most of them mixed-economy companies) were transferred to the private sector as part of this policy.

## United States

Government-sponsored enterprises (GSEs) are a group of financial services corporations created by the United States Congress. The United States GSEs are private corporations owned by their stockholders, rather than government-owned corporations. Their primary function is to generate profits for their stockholders, but they are structured and regulated by the U.S. government to enhance the availability and reduce the cost of credit to targeted borrowing sectors. Congress created the first GSE in 1916 with the creation of the Farm Credit System; it initiated GSEs in the home finance segment of the economy with the creation of the Federal Home Loan Banks in 1932; and it targeted education when it chartered Sallie Mae in 1972 (although Congress allowed Sallie Mae to relinquish its government sponsorship and become a fully private institution via legislation in 1995). The residential mortgage borrowing segment is by far the largest of the borrowing segments in which the GSEs operate. Together, the three mortgage finance GSEs (Fannie Mae, Freddie Mac, and the 12 Federal Home Loan Banks) have several trillion dollars of on-balance sheet assets.<sup>[citation needed]</sup> The federal government possesses warrants which, if exercised, would allow them to take a 79.9% ownership share in the companies. The federal government has not currently exercised these warrants.

Government sponsored enterprises include:

- Fannie Mae
- Farmer Mac
- Federal Home Loan Banks
- Freddie Mac

The *federal government chartered and owned corporations* are a separate set of corporations chartered and owned by the federal government, which operate to provide public services, but unlike the federal agencies (Environmental Protection Agency, Bureau of Indian Affairs), or the federal independent commissions (e.g., the Federal Communications Commission, the Nuclear Regulatory Commission, etc.), they have a separate legal personality from the federal government, providing the highest level of political independence. They sometimes receive federal budgetary appropriations, but some also have independent sources of revenue. These include:

- Commodity Credit Corporation<sup>[17]</sup>
- Corporation for National and Community Service (Americorps)
- Corporation for Public Broadcasting<sup>Wikipedia:Disputed statement</sup>
- Export-Import Bank of the United States<sup>[18]</sup>
- Federal Agricultural Mortgage Corporation<sup>[19]</sup>
- Farm Credit Banks<sup>[20]</sup>
- Federal Crop Insurance Corporation
- Federal Deposit Insurance Corporation
- Federal Financing Bank<sup>[21]</sup>
- Federal Home Loan Banks<sup>[22]</sup>
- Federal Prison Industries<sup>[23]</sup>
- The Financing Corporation<sup>[24]</sup>
- Gallaudet University<sup>[25]</sup>
- Government National Mortgage Association<sup>[26]</sup>
- Legal Services Corporation<sup>[27]</sup>
- National Consumer Cooperative Bank<sup>[28]</sup>
- National Fish and Wildlife Foundation<sup>[29]</sup>
- Neighborhood Reinvestment Corporation<sup>[30]</sup>
- Millennium Challenge Corporation
- National Corporation for Housing Partnerships (NCHP); Washington, DC.

- National Credit Union Administration Central Liquidity Facility
- National Endowment for Democracy<sup>[31]</sup>
- National Park Foundation<sup>[32]</sup>
- National Railroad Passenger Corporation (Amtrak)
- Overseas Private Investment Corporation
- Panama Canal Commission
- Pennsylvania Avenue Development Corporation; Washington, DC.
- Pension Benefit Guaranty Corporation
- St. Lawrence Seaway Development Corporation
- Securities Investor Protection Corporation<sup>[33]</sup>
- Tennessee Valley Authority

The *federal government acquired corporations* are a separate set of corporations that were not chartered or created by the federal government, but the federal government has come into possession of and operates. These are corporations temporarily in possession of the government as a result of a seizure of property of a debtor to the government, such as a delinquent taxpayer. Usually these are awaiting auction, and most are too small to note.

There exists a second level of sovereign government in the United States after the federal government, those of the several states of which compose the United States. State governments are bodies sovereign, like the federal government, and other sovereigns; they have sovereign existence deriving from the consent of the sovereign people of their territories who created them and wrote their state constitution; they are not bodies corporate, as they are not created by the acquis of the federal government and exist with or without that Government's consent. As sovereigns, they have the power to hold radical title to land, to exercise the four fundamental powers, taxation, eminent domain, police power, and escheat, as well as numerous other powers, including the power to grant charters, and implicit in that power to charter is the power to charter corporations, which they do, extensively. The vast majority of non-governmental corporations in the United States are chartered by the states of the United States, and not the federal government, this includes most charitable corporations (though some charities of national repute are chartered by the federal government, and not by a state government), non-profit corporations, and for-profit corporations. States, as sovereigns, also have the power to charter corporations that they own, control, or are responsible for the regulation and finance of. These include municipal corporations and state chartered and owned corporations. Municipal corporations are public corporations that have devolved, democratic control over local matters within a geographic region; they are often styled villages, towns, townships, boroughs, cities, or counties. Though these municipal corporations are often regulated and sometimes financed by the state government, and often can collect taxes, they are arms-length, non-sovereign, devolved public entities, and a state government which charters them is not legally responsible for their debts in the event of a municipal bankruptcy. State government chartered and owned corporations are numerous and provide public services. Examples include North Dakota Mill and Elevator and South Dakota Public Broadcasting. Generally speaking, a statute passed by a state legislature specifically sets up a government-owned company in order to undertake a specific public purpose with public funds or public property. Lotteries in the United States are also run by government corporations, such as the Georgia Lottery Corporation and many others.

There exists a third level of sovereign government in the United States as well, the sovereignty of the Native American tribal governments. Native American tribes are comprehended as ancient sovereigns, established by their sovereign people since time immemorial, and recognized as sovereign by the federal government of the United States as well as the several states, and as such, the Native American (and Alaska Native) tribal governments have rights appertaining to sovereigns, including the power to hold radical title to land, to exercise the four fundamental powers, taxation, eminent domain, police power, and escheat, as well as other powers, for instance, the power to charter corporations and undertake public undertakings that might benefit their tribal citizens, Native Americans and Alaska Natives also being citizens of their respective U.S. state, and also citizens of the United States. For example, a tribal council could establish a public service broadcaster along the lines of RTE and partially fund it with a

television licence on tribal land and partially through advertising as a means of uniting the tribe and giving it a voice as well as a commercial venture.

The Alaska Natives are particularly advanced in using their tribal sovereignty to incorporate corporations that are owned by and for the benefit of their tribal citizens and often compete in highly competitive economic sectors through the Alaska Native Regional Corporations. The Native American tribes in the lower 48 states often use their sovereignty and their ability to charter to compete using regulatory easements; for instance, Native American tribal corporations often trade in goods that are highly taxed in surrounding states (such as tobacco), or engage in activities that surrounding states have (for reasons of public policy) forbidden, such as the operation of casinos or gaming establishments. Most of these endeavors have proven very successful for Native American tribal sovereigns and their tribal corporations, bringing wealth into the hands of Native Americans.

## Uruguay

Uruguay had the first welfare state of Latin America under the presidency of José Batlle y Ordoñez in 1904. Government-owned corporations monopolize services such as electricity (UTE), land-line communications (Antel) and water (OSE). Antel competes with private corporations in the cell-phone lines and international telephony markets. <sup>[citation needed]</sup> In 1992, under the presidency of Luis Alberto Lacalle, the government attempted to privatize all its companies, following the neoliberal Washington Consensus. However, a referendum won by 75% of the population kept the companies in the hands of the government. By the end of his term, president Lacalle alleged that he had achieved a successful modernization of the companies, which had made them more efficient.

## Summary

*This list is incomplete; you can help by expanding it* <sup>[34]</sup>.

In this list, government-owned corporations are classified on their legal status: silver color represents legal monopolies, where no competition is permitted; light green represents a corporation that has private competitors; yellow means that although competition is legally permitted, there are no other corporations *de facto*, and uncolored refers to a free market, regulated or not.

### Government corporations by field and by country

	Postal	Railways	Pharmacy	Gambling	Alcohol	Health care	Universities	Telephone	Broadcasting	Oil & Gas	Energy	Water	Airports	Highways
<b>Australia</b>	yes (Australia Post) monopoly on postal delivery of letters to 250g	mix varies by State	mix (PBS funding only) (no retail competition)	mix varies by State	no	mix (Medicare)	mix	no	mix (ABC) (SBS)	no	mix varies by State			
<b>Brazil</b>	yes (Correios)	mix (pt:VALEC, pt:CBTU)	no	yes (Caixa Econômica Federal)	mix (ethanol only)	mix (SUS)	mix	mix (Telebras)	mix	mix (Petrobras)	mix (Eletrobras)	mix varies by State	mix (Infraero)	no
<b>Canada</b>	yes (Canada Post)	mix (Via Rail), passenger rail. Freight is private.	no	varies by province	varies by province (LCBO, SAQ, SLGA)	mix	mix	varies by province (Sasktel)	mix (CBC)	mix	varies by province (Hydro-Québec, BC Hydro, Hydro One, Manitoba Hydro, Nalcor, SaskPower)			

<b>Chile</b>	yes (Correos de Chile)	yes (EFE)	no	mix	no	yes (FONASA)	yes	no	yes (Televisión Nacional de Chile)	Yes (ENAP)	no	no	mix (SCL [35], Etc.)	mix
<b>Colombia</b>	yes (4-72)	no	no	Etesa [36]	varies by department	Nueva EPS	Universidad Nacional plus various local ones	(Telefónica Telecom) (Empresas Públicas de Medellín)	mix (Radio Televisión Nacional de Colombia)	(Ecopetrol)	(ISA Emgesa)			
<b>Czech Republic</b>	yes (Česká pošta)	yes (České dráhy)	no	yes (Sazka)	no	yes (VZP)	mix	(České Radiokomunikace)	mix (Česká televize) (ČRo)	no	yes (ČEZ)			
<b>Finland</b>	de facto (Itella)	de facto (VR)	no	yes (Veikkaus, RAY, Fintoto)	yes (Alko)	mix (municipal)	yes	mix (TeliaSonera)	mix (YLE)	de facto (Neste)	mix (Fortum)	yes (municipal)	yes (Finavia)	yes (Finnish Transport Agency)
<b>France</b>	yes (La Poste)	yes (SNCF)	no	mix (Française Des Jeux)	no	mix	mix	mix (France Telecom)	mix (France Television)	no	mix (EDF)			
<b>Germany</b>	mix (Deutsche Post)	mix (DB)	no	no	no	mix (BG)	mix	mix (DTAG)	mix (ARD)	?	?			
<b>Greece</b>	de facto (ELTA)	de facto (OSE, TrainOSE)	no	mix (OPAP)	no	mix (ESY)	yes	mix (OTE)	mix (ERT)	mix (ELPE)	mix (DEI)			
<b>Iceland</b>	de facto (Íslandsþóstur)	no railways in Iceland	no	no gambling in Iceland	yes (ÁTVR)	mix	mix	no	mix (RÚV)	no oil industry in Iceland	mix			
<b>India</b>	yes (India Post)	yes (Indian Railways)	yes (IDPL)	no	no	mix	mix	mix (BSNL)	mix (Doordarshan)	mix (ONGC)	yes			
<b>Ireland</b>	yes (An Post)	yes (Iarnród Éireann)	no	mix (Prize Bond)	no	mix	mix	no	mix (RTE, TG4)	no	mix (ESB)			
<b>Italy</b>	de facto (Poste italiane)	mix (FS)	no	yes (AAMS)	no	mix (SSN)	mix	no	mix (RAI)	mix (Eni)	mix (Enel)			
<b>Indonesia</b>	yes (Pos Indonesia)	yes (PT Kereta Api)	yes	no	no	mix	mix	yes (Telkom Indonesia)	mix	mix (Pertamina)	yes (Perusahaan Listrik Negara)			
<b>Japan</b>	mix (JapanPost)	mix (JR)	no	yes (JRA etc.)	no	mix	mix	mix (NTT)	mix (NHK)	no	no			
<b>Korea, Republic of</b>	de facto (Korea Post)	de facto (Korea Railroad Corporation)	no	yes (Kangwon Land Inc. [37])	no	de facto (NHIS [38])	mix	de facto (KT Corporation)	mix (KBS, EBS, Etc.)	de facto (KNOC, KOGAS [39])	de facto (KEPCO)	de facto (K-WATER [40])	yes (KAC [41], ICN [42])	mix (Korea Expressway Corporation [43])

Mexico	mix (Servicio Postal Mexicano)	mix (Ferrocarril Transistmico)	mix (e.g. in public hospitals)	no	no	mix (Mexican Social Security Institute, Institute for Social Security and Services for State Workers)	mix (National Autonomous University of Mexico, National Polytechnic Institute and state universities among others)	no	mix (Once TV México, XEIMT-TV)	yes (PEMEX)	yes (electricity) (Comisión Federal de Electricidad)	mix (varies by state/municipality)	mix (Aeropuertos y Servicios Auxiliares, Benito Juárez International Airport)	mix (Caminos y Puentes Federales)
Netherlands	no	mix (Nederlandse Spoorwegen), [44] passenger rail. Freight is private	no	yes (Holland Casino)	no	mix	yes	no	mix (Netherlands Public Broadcasting)	no	no			
New Zealand	yes (NZ Post)	yes (Kiwi Rail)	no	no	no	mix	yes	no	mix (TVNZ)	no	mix (Genesis Power, Meridian Energy, Mighty River Power, Solid Energy, Transpower New Zealand Limited)			
Norway	yes (Posten Norge)	yes (NSB)	no	yes (Norsk Tipping)	yes (Vinmonopolet)	mix	mix	mix (Telenor)	mix (NRK)	mix (Statoil)	State owned (Statkraft) and various municipally owned companies			
Peru	yes (Serpost)	no	no	no	no	yes (EsSalud)	yes (local ones, including Universidad Mayor de San Marcos)	no	yes (TV Peru)	yes (Petroperú)	yes (only in local water supply and sewage services, including Sedapal)			
Philippines	yes (PhilPost)	yes (PNR)	no	yes (PAGCOR)	no	yes	yes (U.P.)	no	yes (PTV)	mix (PNOC)	mix (NAPOCOR)			
Sweden	de facto (Posten)	de facto (SJ)	mix (Apoteket)	yes	yes (Systembolaget)	mix	yes	mix (Telia)	mix (SVT)	no	mix (Vattenfall)			
Thailand Kingdom	yes (Post)	yes (State Rail)	no (Pharmacy)	yes (State Lotto)	Alcohol Permit	mix (Medical)	(University)	mix (Telcom)	mix (Thai Television)	mix (Petro)	yes (Electric)			
Turkey	yes (PTT)	yes (TCDD)	no	no	no	mix	mix	no	mix (TRT)	mix (TPAO)	mix			
United Kingdom	mix (Royal Mail)	mix (Northern Ireland Railways, East Coast) (Network Rail) [45]	no	mix (Premium Bonds)	no	mix (NHS)	mix (University of Buckingham), (BPP Holdings)	no	mix					

United States	yes (USPS, an agency)	mix (Amtrak), passenger rail. Freight is private.	no	Mix (All State Lotteries)	varies by state (ABC store states)	mix	mix (U.S. military service academies, public universities)	no	mix (PBS)	no	mix (TVA)			
Uruguay	yes (Correo Uruguayo)	yes (State Railways Administration of Uruguay)	no	mix (Casinos del Estado)	mix	mix	mix	mix (ANTEL)	mix Channel 5	mix (ANCAP)	yes (UTE)			

- [1] Profiles of Existing Government Corporations, pp. 1–16
- [2] <http://rogerkerr.wordpress.com/2011/01/17/privatisation-debate-should-be-rigorous/>
- [3] <http://www.bbc.co.uk/news/business-11526179>
- [4] (<http://www.appf.gov.af>): Official Afghan Public Protection Force Website.
- [5] Simei Qing "From Allies to Enemies", 19
- [17] Profiles of Existing Government Corporations, pp. 18, 24
- [18] Profiles of Existing Government Corporations, pp. 18, 44
- [19] Profiles of Existing Government Corporations, pp. 18, 60
- [20] Profiles of Existing Government Corporations, pp. 18, 50
- [21] Profiles of Existing Government Corporations, pp. 18, 77
- [22] Profiles of Existing Government Corporations, pp. 18, 82
- [23] Profiles of Existing Government Corporations, pp. 18, 105
- [24] Profiles of Existing Government Corporations, pp. 18, 120
- [25] Profiles of Existing Government Corporations, pp. 18, 125
- [26] Profiles of Existing Government Corporations, pp. 18, 131
- [27] Profiles of Existing Government Corporations, pp. 18, 145
- [28] Profiles of Existing Government Corporations, pp. 18, 149
- [29] Profiles of Existing Government Corporations, pp. 18, 165
- [30] Profiles of Existing Government Corporations, pp. 18, 180
- [31] Profiles of Existing Government Corporations, pp. 18, 162
- [32] Profiles of Existing Government Corporations, pp. 18, 168
- [33] Profiles of Existing Government Corporations, pp. 18, 214
- [34] [http://en.wikipedia.org/w/index.php?title=Government-owned\\_corporation&action=edit](http://en.wikipedia.org/w/index.php?title=Government-owned_corporation&action=edit)
- [35] <http://www.aeropuertosiago.cl/>
- [36] Etesa is a company wholly owned by the Colombian government and holds the exclusive right to gambling activities. However, it sublicenses gambling permits to any private company who applies and fulfills legal requirements.
- [37] <http://kangwonland.high1.com/Khome/main.high1>
- [38] <http://www.nhic.or.kr/portal/site/main>
- [39] <http://www.kogas.or.kr/>
- [40] <http://www.kwater.or.kr/>
- [41] <http://www.airport.co.kr/mbs/kaceng/>
- [42] <http://www.airport.kr/eng/>
- [43] <http://www.ex.co.kr/>
- [44] Nederlandse Spoorwegen is a company wholly owned by the Dutch government.
- [45] Network Rail is a private company whose debts are guaranteed by the UK Government, which has caused controversy over whether it is state owned or not.

## References

*Profiles of Existing Government Corporations—A Study Prepared by the U.S. General Accounting Office for the Committee on Government Operations* ([http://gallyprotest.org/profiles\\_of\\_existing\\_government\\_corporations\\_gao\\_report\\_1988.pdf](http://gallyprotest.org/profiles_of_existing_government_corporations_gao_report_1988.pdf)). 1988. (Document: H402-4) Washington, DC: U.S. Government Printing Office]

## Further reading

- The Public Firm with Managerial Incentives (<http://www.egwald.ca/economics/econpage.php3>) by Elmer G. Wiens.

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