



French plan to shield groups from hostile foreign bidders

>By Martin Arnold in Paris and Raphael Minder in Brussels

>Published: March 2 2006 02:00 | Last updated: March 2 2006 02:00

>>

Paris outlined new measures yesterday to defend French companies from hostile foreign bidders, even as its politicians came under fire for hardening their protectionist stance.

Dominique de Villepin, French prime minister, announced plans to boost employee share ownership and to use the Caisse des Dépôts et Consignations (CDC), the biggest institutional investor in the CAC-40 share index, as a buffer against foreign takeovers.

Mr de Villepin said: "We need to consolidate the capital of companies and protect them against hostile operations." He said "fragmented share capital" was a big risk for the independence of French companies.

Mr de Villepin's remarks came as José Manuel Barroso, the European Commission president, urged governments to stop undermining the European single market with "nationalist rhetoric". France has provoked outrage in Italy over its support for plans to merge state-controlled Gaz de France with Suez, which will allow the Franco-Belgian water and power group to ward off a possible hostile bid from Enel, the Italian utility.

CDC manages about €220bn (£150bn) of state pensions and is a leading shareholder in Suez, Schneider, Accor, Saint-Gobain, Michelin and Veolia Environnement. It has been branded as the "armed wing" of the government, a reputation boosted in 2003 when it subscribed to rescue rights issues at France Télécom and Alstom in support of state-backed bail-outs. Paris is eager for CDC to act as a counterweight to short-term institutional investment.

Mr de Villepin said he had asked Thierry Breton, finance minister, to examine how to "significantly increase" the amount of money CDC was allowed to invest in shares.

Mario Monti, former EU competition commissioner, warns in today's Financial Times that economic nationalism is endangering the single market and euro.

Giulio Tremonti, Italy's economy minister, called yesterday on Brussels to intervene in the Gaz de France deal saying: "If the Commission does not act, my advice would be for it to close down because of a failure to meet its mandate."

Paris has been accused of pursuing a protectionist agenda, particularly after its opposition to Mittal Steel's €18.6bn bid for Luxembourg-based rival Arcelor.

Mr de Villepin said: "All I want is for France fully to play its role in globalisation and for our country to defend itself with all the tools needed to succeed, within the respect of the rules, European or international."

>

>

>

Find this article at:

<http://news.ft.com/cms/s/fa4d4b7e-a990-11da-9f4e-0000779e2340,s01=1.html>