



**THE HOLDINGS AND TRANSFERS
COMMISSION
AND PRIVATISATIONS IN FRANCE**



Commission des Participations et des Transferts

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THE SHAREHOLDINGS AND TRANSFERS COMMISSION AND PRIVATISATIONS IN FRANCE

The creation of an independent commission to supervise the compliance of privatisation operations is a key element of the system set up by the Act of 6 August 1986. This Act provided the first legal framework in France for the privatisation of government shareholdings in the industrial and financial sectors.

The commission was created for two reasons. Firstly, the Constitutional Council had established the guarantees governing such transfers, mainly to ensure that shareholdings are not sold below their value and that no preferential treatment is involved in the selection of investors. Secondly, the political situation and the need to call on the market required a process that would be as objective and transparent as possible to gain the confidence of the general public and investors.

This process had major implications in a country where, due largely to historical circumstances, the public sector's relative weight in the economy had become huge after three waves of nationalisation in 1937, 1945 and 1982.

Since its creation, the Commission's responsibilities have increased both generally - the Act of 19 July 1993 provided for the Commission's assent in private offerings - and specifically, such as in the sale of Air France's shares. The Commission's name has changed over time. The Decree of 27 April 1998 most recently chose the title of *Commission des participations et des transferts* (Shareholdings and Transfers Commission) to replace *Commission de la Privatisation* (Privatisation Commission).

Order no. 2014-948 of 20 August 2014 reworked the applicable provisions into a single text and strengthened the Commission's powers regarding the sale of shareholdings by the government or public sector. It also authorised the Minister for the Economy to ask the Commission for its opinion on acquisitions of shareholdings by the government.

Part 1: Privatisation procedure

Given the constitutional stipulations, the legal aspects of the privatisation procedure are extremely important. Parliament has therefore outlined in detail the criteria for the use of the various legal instruments available and authorised means of transfer.

1/ Legal aspects

Article 34 of the 1958 Constitution states that “nationalisations of companies and transfers of company property from the public sector to the private sector” are covered by law. In decision 86-207 of 25 and 26 June 1986, the Constitutional Council stipulated that this provision “does not ordain that every operation involving a transfer from the public sector to the private sector should be directly decided by law; that it is for the law to lay down the rules to be applied by the authorities and bodies appointed by law.” Companies “operating as or acquiring the attributes of a national public service or *de facto* monopoly” shall, however, remain the property of the community pursuant to the 9th paragraph of the preamble to the 1946 Constitution maintained in force by the 1958 Constitution.

The nature of the legal instruments to be used in a transfer from the public to the private sector is outlined in Articles 22 and 23 of the Order of 20 August 2014. In addition, the Order provides a framework for government acquisitions.

There are four main scenarios:

- privatisation of a government majority stake in a company which had become a public sector entity pursuant to statutory provisions, or because the government had owned said company for more than five years and exceeded certain thresholds. An operation of this kind must first be legally authorised and then established by decree.
- other sales of government stakes which involve transferring the majority of the company’s share capital from the public to the private sector, or a reduction in the government’s shareholding to less than one-third or two-thirds of the share capital. These sales are also established by decree.
- other sales of government shareholdings. They are established by decree from the Minister for the Economy.
- other sales by a public entity of a majority stake in a company exceeding certain thresholds. Prior authorisation is required by decree from the Minister for the Economy.

Sales by local or regional authorities that result in the privatisation of a company that exceeds certain thresholds must receive prior consent from the relevant local or regional authority’s decision-making body pursuant to Article 181 of Act no. 2015-990 of 6 August 2015.

The table below outlines the various scenarios.

<i>Operation</i>	<i>Legal instrument</i>
Transfer of the majority of a company's share capital to the private sector: a.- following sale by the government of shareholdings* in a company - that has moved over to the public sector in application of statutory provisions - in which it owned a majority stake for over five years with** staff > 500 or turnover > €75m - with an air- or road-transport infrastructure as part of a concession awarded by the government and LFB Group - other type of company b.- following sale by a public entity, government-owned company or Caisse des Dépôts et Consignations (CDC) of a stake in a company with **staff > 1,000 or turnover > €150m c.- following sale by a local or regional authority of a stake in a company with** staff > 500 or turnover > €75m	Act + decree Act + decree Act + decree Decree Prior authorisation by the Minister for the Economy Decision by the local or regional authority's decision-making body
Sale of a government shareholding which results in it being less than one or two-thirds of the share capital.	Decree
Other sales: - by the government - by a public entity, publicly-owned company or the CDC	Decree by the Minister for the Economy <i>Not subject to legislation</i>
Transfer of the majority of a company's share capital to the public sector following the government's acquisition*** of a stake in said company Another type of government acquisition***	Decree Decree by the Minister for the Economy

* Shareholding applies to any portion of share capital owned (Art. 2 I Paragraph 1)

**Including subsidiaries in which a majority stake is held either directly or indirectly

NB: sales include operations that produce the same result (including capital increases leading to a dilution in the government's shareholding) (Art. 22 V c)

*** creating a company is regarded as being equivalent to an acquisition (Art. 24 Paragraph 3)

The Order of 20 August 2014 clarified some important points. In particular, it stipulates that the case law of the *Conseil d'Etat* and European courts must be taken into account in the following scenarios:

- the sale of a key asset belonging to a company in which the government owns a majority stake is regarded as being equivalent to sale of the company itself (Art. 22 V a).
- shareholdings owned by SPPE (*sociétés de participations de l'Etat* – Corporation for State Equity Holdings) are regarded as being directly owned by the government (Art. 22 V b).
- operations approved at annual general meetings of companies in which the government or public entity owns less than one-third of the share capital are not subject to this legislation

unless they involve the transfer of a majority share of the capital to the private sector (Art. 23 4°);

- operations reserved for employees and dividends paid as shares are not subject to this legislation (Art. 23 1° and 3°).

The sale by the government or a public entity of a majority stake in a company must come with the guarantees required to ensure that the nation's key interests are protected in the relevant areas (Art. 21-1). If protecting the nation's key interests in the areas of public order, public health and safety or national defence so requires, a decree prior to the sale must be issued transforming one ordinary share owned by the government into a golden share which gives it specific rights outlined in each particular case that are essential, suitable and in proportion to the goals being pursued (Art. 31-1), including: approval of acquisitions of significant stakes in the company, appointment of government representatives with no voting rights to the Board of Directors or Supervisory Board, or the power to oppose the sale of assets that would be detrimental to national interests. The government was given a golden share during the privatisation of Elf Aquitaine, Thomson CSF (Thales) and Aerospatiale Matra. It currently has three remaining golden shares in Thales, Engie and Nexter Systems.

Government shareholdings can be transferred in one of two ways (Article 26, Order of 20 August 2014):

- according to financial market procedures
- by off-market sales

2/ Privatisation procedure

Pursuant to legal provisions, the privatisation of a company is the government's responsibility. The operational aspects of the transfer are managed, under the authority of the Minister for the Economy, by the Government Shareholding Agency (*APE - Agence des Participations de l'Etat*) which deals with the privatisation on a day-to-day basis. The Minister establishes a timetable and the techniques that will be used.

The three main sales procedures can be summed up as follows:

Scenario 1: Government sale on the financial market

There are three types of market operation.

a- Sale of shares on the market

The sale of shares on the market may entail:

- The company's flotation on the stock market (Initial Public Offering-IPO).
- The sale of new or existing shares or convertible bonds in a company already listed.

Each scenario entails specific formalities, particularly in relation to stock market regulations. More importantly, they raise the problem of price setting. If the share is already listed, past prices provide an important price-setting aid. Conversely, IPO shares are generally sold at a discount. In the case of convertible bonds, the issue price and nominal yield must be set, which presupposes an implicit share value.

In chronological order, the operation starts with a statement from the Minister for the Economy detailing the main characteristics and timetable. A reference document on the company in question and a preliminary prospectus detailing these elements and registered with the AMF (the French financial market regulation body) are immediately made available to the market. Prices are not yet known. Neither are exact quantities, since extension clauses are generally designed to take into account the subscription's success (prices and quantities appear in the final prospectus published at the end of the operation).

In the case of market sales, two types of subscribers are sought and different procedures are applied in parallel:

α - French and foreign **institutional investors** are offered a **total investment** guaranteed by a banking syndicate. These banks form an investment syndicate that collects subscriptions from institutional investors and underwrites their payment. An estimated price range is announced to the market when orders open. As the orders come in (quantities and possibly maximum price), an order book is built showing the demand for stocks. It is used by the Minister to set the price and final quantities. Subscriber quality is also considered in allocation decisions so as to favour sustainable investment.

β - **Retail investors** take part in a public offer for sale made up of a reservation period during which intended subscriptions are collected and an actual investment period where the orders become irrevocable. The operation can take two forms:

* a **fixed price offer** (FPO) whereby subscribers know the price of the share offered and request a quantity of shares

* an **open price offer** (OPO), used for the first time in France for the second listing of France Telecom's capital, whereby the price of the share offered is unknown and retail investors thus apply for a certain sum rather than a quantity of shares. The Minister nonetheless declares a maximum share price before the irrevocable subscription phase. The advantage of this method is that both price and quantity can be adjusted based on the operation's success.

In both cases, orders are received by financial intermediaries and daily statistics are drawn up. As demand largely exceeds supply, only a certain proportion of subscriptions can be provided in general.

A clawback clause is usually included to increase the quantity of shares offered to retail investors. This clause provides for part of the shares offered to institutional investors to be transferred to retail investors.

Retail investors are offered special terms: a lower price than that offered to institutional investors, allocation of free shares if they keep the subscribed shares for a certain length of time and exemption from custody fees.

Due to stock market volatility, the government decided in 2002 to take a new approach to selling significant shareholdings in listed companies (the biggest sale involved France Telecom in 2004), opting to use the accelerated book building approach reserved for private placements to institutional investors. As this process lasts for only a few hours, it has less of a

negative impact on the price of a share than a more traditional public share offer would have in a volatile market.

Market sales of a large volume of shares may disrupt the company's share price for some time. The banking syndicate is hence responsible for stabilising prices to a certain extent. To this end, it can acquire extra shares (the green shoe practice). An order from the Minister for the Economy ultimately outlines the final sale details.

In 2015, the technique of making "gradual" sales was used for the first time. This involves authorising banks to sell a fixed volume of share capital for a limited time period. Daily sales take place within a predefined price range via market order books. However, this type of selling may come up against market volatility during the designated period.

b- Public exchange offer

When a public exchange offer is made by a government-owned firm, the government's shareholding is subject to dilution and is therefore governed by privatisation laws. The offer may also take the form of a part-exchange. This technique has been used on several occasions since 2003, including in the privatisation of Air France in 2004 following its successful public exchange offer for shares in Dutch airline KLM.

The government may also decide to contribute the shares it holds in a public company to an exchange offer initiated by a private company. The first deal of this type took place in 2005 with the privatisation of Snecma via the contribution of the government's shares in the company to a mixed public exchange offer by the private company Sagem. From a legal perspective, an operation of this type is classified as an off-market sale on the basis of a cooperation agreement (see below).

c- Offer reserved for employees

If the government decides to dispose of shares on the market, 10% of the shares sold must be offered to group employees who are beneficiaries of the company savings plan. They may be granted a lower price (of up to 20%) or longer payment deadlines by the company. If sold at a discount, there is an initial lock-up period of two years (Art.31-2).

Scenario 2: Off-market sales by the government

The Minister for the Economy may decide to sell to off-market buyers. This type of sale may be the only method used to privatise a company or may be used in conjunction with one or more selling techniques.

Unlike previous legislation (Decree of 3 September 1993), the Order of 20 August 2014 no longer outlines the procedural methods that may be used, but leaves it up to the Commission to ensure that the methods used "comply with public sector interests" (Art. 27 II) and to issue an opinion thereon. Any procedure used must obviously comply with case law from the Constitutional Council, the *Conseil d'Etat* and the European Union.

Subject to the Commission establishing a specific approach, it is assumed that the two main procedures used previously remain in effect, without prejudice to other methods:

a- The first method is to draw up **specifications** covering the selling methods, the conditions to be satisfied by potential buyers and selection criteria for buyers. Where necessary, guarantees to protect national interests in the relevant areas are specified (Art. 21-1). Subject to a confidentiality undertaking, applicants have access to confidential information on the company (via data rooms). They must state how they will satisfy the targets set by the specifications and propose a price. The most recent operations have been divided into two stages: pre-selection at the end of the first stage to give chosen applicants access to additional confidential information. Final selection is based on the adjusted proposals based on this additional information. The Commission plays a decisive role in this process (see part two).

b- The second procedure is the sale of shareholdings provided for by an industrial, commercial or financial **co-operation agreement**. This method has been used for the creation of EADS and GDF-Suez, and the sale of capital stakes in Thomson Multimedia, Thales and DCNS to peers.

Scenario 3: sale of indirect shareholdings (secondary sales of subsidiaries belonging to public entities)

Selling government indirect shareholdings is in practice the responsibility of the public entity that holds the shares. When transfer authorisation is required (see above), it is granted by decree upon receipt of a dossier analysed by the Government Shareholding Agency (*Agence des participations de l'Etat*) and submitted to the Commission for an opinion.

* *
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In practice, major government transfer operations often involve market and off-market sales.

More often than not, past operations have been conducted on a phase-by-phase basis, i.e. an initial sale of shares followed by privatisation (e.g. France Telecom, Renault, Air France, Bull, Thomson, and GDF), which in turn may be followed by future additional sales of shares.

The table below provides an overview of the different procedures:

<i>Type of shareholding</i>	<i>Possible transfer methods</i>		
<i>Direct</i> (Art. 26 I 1° and 2° and II)	Financial market	Institutional investors	Total investment guaranteed (PGG)
			Accelerated book building (ABB)
		Retail investors	Fixed price offer (FPO)
			Open price offer (OPO)
	Gradually via market order books		
	Public exchange offer		
	Off-market	Based on specifications	
As part of a co-operation agreement with a peer company			
Other			
<i>Indirect</i> (Art. 26 I 3, Art.27)	As above – prior authorisation of the sale by decree		

Part 2: Commission's role

In its above-mentioned decision of 25-26 June 1986, the Constitutional Council ruled, based on the principle of equality and property provisions in the 1789 declaration, “that the Constitution objects to public property goods and companies being sold for less than their value to persons pursuing private ends”.

The Constitutional Council was of the opinion that this had direct consequences on selling price, the transparency of buyer selection and the protection of national independence. In particular, it requires valuations of companies for sale to be made by “competent experts totally independent of potential buyers”.

The Act of 6 August 1986 (amended in 1993, 1996 and 2001), incorporated in the Order of 20 August 2014, dealt with these requirements by creating a Commission, now called the *Commission des participations et des transferts* (Shareholdings and Transfers Commission), whose bye-laws and duties are outlined in Articles 25 to 27 and 29 of the aforementioned Order.

1/ The Commission's bye-laws (Article 25 of the Order of 20 August 2014)

The Commission is made up of seven members. Members are appointed for a non-renewable six-year term of office by Prime Ministerial decree and are chosen “for their economic, financial and legal skills and experience”. In the event of a vacancy, a replacement is appointed for the remainder of the term. Apart from the chairman, the Commission comprises an equal number of male and female members.

Commission members must abide by certain rules to ensure their independence:

- They are bound by professional secrecy.
- Their duties “are incompatible with any tenure as member of a board of directors or supervisory board of a joint-stock corporation or any paid activity for such a company liable to make them dependent on any buyers”.
- For a period of five years following the end of their duties, they cannot “become a member of a board of directors or supervisory board of a company, or any of its subsidiaries, that has bid for shareholdings previously held by the government and cannot carry out a paid activity for such companies”.

The Commission, acting on behalf of the majority of its members (the chairman casts the deciding vote in the event of a tie), will remove any member who does not comply with the first two requirements above. Immediately upon taking office and for the term's duration, all members must inform the chairman of their professional activities, positions held as corporate officers and any groups that they may represent.

The Act of 11 October 2013 on transparency in public life and its implementing decrees apply to members of the Commission, which is an independent administrative authority (Art. 11 I Paragraph 6° of the aforementioned Act).

The current Commission members, listed in the appendix, have complementary profiles: senior civil servants who have also held senior corporate positions and former directors of major industrial and financial groups. The very restrictive incompatibility rules are such that appointments generally go to individuals who are no longer directly involved in business activities.

The compensation and fees paid to the chairman and members of the Commission are outlined in Decree no. 2015-1025 of 19 August 2015 and Order published on the same day.

A **General Secretariat** organises the work and prepares the Commission's examination of the dossiers. The General Secretary is appointed by decision of the Minister for the Economy based on a proposal from the Commission chairman.

2/ The Commission's duties

To meet constitutional requirements, the Order of 20 August 2014 provides for the Commission to intervene in different ways depending on whether market or off-market operations are concerned. The aim of these interventions is to protect public assets and make the selection of buyers transparent.

The Commission intervenes in the following cases:

- The transfer of direct government shareholdings.
- The transfer of the majority of the capital in the case of indirect shareholdings subject to certain thresholds.

In all cases, the Commission is initially informed of the planned operation and timetable by the Minister for the Economy.

The Commission's opinions are published upon completion of the operation (Article 27 Paragraph III of the Order of 20 August 2014). The Ministerial Act must be published no later than 30 days after the Commission's opinion is published, unless the latter has extended the deadline "in relation to the specific nature of the operation" (Article 29, last paragraph of the Order of 20 August 2014). This extended deadline may be justified in off-market operations if there are procedures that must be completed before the operation is closed (i.e. consulting employee representative bodies, or obtaining other types of administrative authorisation, e.g. to verify whether or not the operation complies with competition law).

Scenario 1: Government sale of direct shareholdings on the financial market

In the most common case of sales on the financial market, **the Commission** initially intervenes to protect public assets by **setting the company's value**. For public exchange offers, the Commission issues an opinion on the exchange parity. The methods of valuation used are outlined later in this document.

For offers of this type, the Commission is consulted either formally or informally once the indicative price range is announced to ensure that it is in line with the Commission's price range.

In operations using accelerated book building, which have become increasingly popular, in sales to institutional investors the Commission establishes a value for the company before a contract is signed with the banks acting as book-runners which includes the guaranteed price. This is also true for "gradual" sales.

The Minister for the Economy decides on selling prices (and sets a price range if necessary) and final terms for the operation. **Prices "may not be lower than the valuation made by the Commission"** (Art. 29). The Commission then issues another opinion on this order to confirm that the Minister's decision is in line with its opinion on the price set.

To avoid making everyday operations more time-consuming and cumbersome, Article 26 I Paragraph 2 prohibits the Commission from intervening in operations involving the transfer by the government to the private sector of less than 0.5% of a company's share capital over a six-month period. To be consistent, the Order also excludes companies with no more than 500 employees and turnover of no more than €75 million. These rules do not apply if the operation results in the transfer of a majority of the share capital to the private sector.

Scenario 2: Off-market government sale of direct shareholdings

The law has provided for specific precautions to ensure the compliance of off-market operations with constitutional norms. These guarantees were extended by the Act of 19 July 1993, which introduced assent, and by the Order of 20 August 2014.

Article 27 Paragraph II of the Order of 20 August 2014 applies in this case. The Article stipulates that, apart from issuing an opinion on the valuation, the Commission must also issue **"an opinion on the procedural methods used, which must comply with the public sector's interests, and on the choice of buyer or buyers, and the terms of the sale established by the Minister for the Economy (...) The decree, order or decision authorising the operation complies with this opinion"**.

In practice, the Commission states its position by means of opinions binding on the Minister at each stage of the operation:

- Definition of specifications
- Pre-selection of applicants where applicable
- Final selection of buyer(s) and determination of price and other terms of sale.

However, the Minister has the authority to terminate an operation at any stage of the procedure.

The law logically assigns the Commission a different role for market operations and off-market operations:

- In the first case, the market acts as a robust and objective reference for establishing the value of a company. Hence the Commission simply expresses an opinion on the valuation, which gives the Minister the possibility of setting a higher price.

- In the second case, the operations are less straightforward and leave more room for subjective assessments. Hence the Commission gives its assent, which is fully binding on the Minister, particularly regarding the price set.

Scenario 3: sale of indirect shareholdings (secondary sales of subsidiaries belonging to public entities)

Precautions are equally important in secondary sales of subsidiaries belonging to public entities.

The Commission only intervenes in transfers of majority shareholdings concerning companies above **certain thresholds** : staff of over 1,000 or turnover in excess of €150 million.

Article 7 of the Decree of 20 August 2014 states that the seller “makes a reasoned request to the Minister for the Economy”. It also states that “if no answer is received within two months of the request, the request is deemed to have been refused”.

The same rules are applied by the Order of 20 August 2014 as those mentioned previously for sales of direct government shareholdings, making it clearer than previous legislation. A distinction must therefore be made between market and off-market operations.

If the sale takes place via the market, the Minister for the Economy will first refer the seller’s proposal to the Commission (the seller initially refers the proposal to the Minister). The Commission will then issue its opinion on the valuation of the company to be sold.

If the sale takes place off-market, the Minister will refer the proposal to the Commission once the price has already been set by the seller (more often than not, an agreement subject to certain conditions will already have been reached between the buyer and the seller). In some cases, and if the seller so wishes, the Commission may intervene during the various phases of the operation.

Any sale made without the Commission’s prior authorisation is deemed null and void (Article 30 Paragraph 2).

The table below provides an overview of the various scenarios:

<i>Sale</i>	<i>Type of sale</i>	<i>Commission's role</i>
<i>Direct shareholding</i>	Financial market	Opinion setting the valuation of the company
<i>Majority of an indirect shareholding</i>	Off-market	Opinion setting the valuation of the company Assent on: - the procedure - choice of buyers - terms and conditions of the sale

Scenario 4: other roles played by the Commission at the government's request

Specific laws also provide for the Commission's involvement in other types of operations and outline the terms of its involvement. This was true for the sale of TF1, the consolidation of the Caisse Nationale de Crédit Agricole, and the sale of shares in Air France and La Poste.

The Minister for the Economy may decide to ask for the Commission's opinion on **any type of sale** (Article 26 III of the Order of 20 August 2014), particularly if the financial stakes are relatively high for the public sector. This was the case in 2001 when Caisse des Dépôts et Consignations merged with Caisses d'épargne, and in 2006 when CDC sold its stake in Caisse nationale des Caisses d'Epargne.

Since 2009, ministers have asked for the Commission's opinion on the valuation of batches of hertzian frequencies to be sold to mobile telephone operators (five operations had taken place at the time of writing).

Article 26 III of the Order of 20 August 2014 stipulates that the Minister for the Economy may refer "any government acquisition" to the Commission.

Scenario 5: operations by local and regional authorities

Approval of operations involving the sale to the private sector of a majority stake by a local authority or group thereof in a company with turnover in excess of €75 million or staff of more than 500 based on consolidated figures is the responsibility of the relevant local authority or authorities' decision-making body subject to the Commission's assent (Article 181 II of Act no.2015-990 of 6 August 2015).

Act no.2015-991 of 7 August 2015 (amending Article 4211- 8b of the French Local Authority Code) stipulates that the Commission must intervene when a regional authority acquires a capital stake in a public limited company.

3/ Procedure for submitting cases to the Commission

The procedure for submitting a dossier to the Commission sheds light on its methods and resources. Its main task, as previously mentioned, is to assess whether or not the valuation of a company is accurate.

a - Commission methods and resources

The procedure for submitting cases to the Commission starts with a letter of referral from the Minister for the Economy detailing the operation and provisional timetable.

The Commission draws up a timetable for examining the dossiers submitted, outlines the methodology to be used, if necessary, for any complex dossiers, studies the documents it has received and holds hearings. Dossiers are examined on a collective and impartial basis. All members must play an active role in this process to offer their individual expertise. In practice, decisions are made by consensus.

The Commission receives a large number of documents drafted mainly by the Government Shareholding Agency, the company to be transferred and sometimes by the public body selling its indirect shareholdings, as well as potential buyers. The **advising banks for the different parties** and, where appropriate, law firms, submit their reports. The most important of these is the company valuation (see below). Where necessary, the Commission will ask for any additional information it requires when examining the dossier. The most important reference documents tend to be the reports submitted by French, European and American advising banks.

Hearings are another important source of information for the Commission. It systematically conducts hearings with officials from the Government Shareholding Agency, which establishes a reasoned report on the dossier, as well as with directors of the company to be sold, the public body selling its shares and potential buyers. Other administrative authorities particularly competent in the sector in question may also be asked to attend a hearing, including the French Electronic Communications and Postal Regulatory Authority (ARCEP), the Energy Regulation Commission or the Prudential Supervisory and Resolution Authority (ACPR). Lastly, the Commission may also invite the auditors to a hearing; the latter are exempt from professional secrecy requirements for this purpose (Art. 27 I). All of these hearings are held in the strictest confidentiality.

Technical papers are drawn up for the Commission by its General Secretariat. The latter also carries out any investigations deemed necessary by the Commission and any other due diligence measures required.

The Commission generally deliberates over several sessions before issuing an opinion. A draft opinion is drawn up by the General Secretariat based on the Commission's instructions. The Commission then reviews and approves this draft for publication. Grounds are given for all opinions reached.

b - Company valuation

One of the Commission's most important tasks is to value the companies to be sold with a view to ensuring that publicly-owned assets are sold at a fair price in accordance with legal provisions.

Given the importance of the valuation set by the Commission, the law itself lays down the methodology to be used. It takes up the terms of the Constitutional Council's 25-26 June 1986 decision, which stipulates that the valuation should be "conducted using the objective methods commonly employed for the total or partial sale of company assets taking into account, with appropriate weighting in each case, the stock market value of the shares, the value of the assets, the profits made, any subsidiaries and future prospects". This formulation is repeated word for word in Article 27 I, Paragraph 3 of the Order of 20 August 2014. Given the importance of secondary market operations and extensions to the Commission's field of jurisdiction, it also stipulates "factoring in market conditions on the date of the operation".

The law thus requires the Commission to conduct an analysis using "commonly employed" methods based on "multiple criteria": the market capitalisation, revalued consolidated net assets, profitability and "future prospects". The Commission is responsible for using the findings of the different methods to assess the relevance of each finding to the case in point and weight each finding accordingly.

To help it in this difficult task, the Commission has valuation reports drawn up by the government's advising banks and the advising bank(s) for the company to be sold (or the report from the independent expert appointed by the seller in the case of **secondary sales of subsidiaries belonging to public entities**). These often-large reports provide valuation brackets derived from the different applicable methods. They generally propose estimates based on:

- the market capitalisation (spot price on a given date or average over a certain period deemed significant);
- revalued consolidated net assets;
- a peer-based comparison, or comparison with similar transactions: the price earnings multiples observed in the sector are applied to the forecasts for the company's key multiples (mainly EBITDA and price/earnings ratio and more rarely turnover);
- discounted cash flows or dividends.

When the group is complex, its different lines of business can be estimated separately based on price earnings multiples, discounted cash flows or more sophisticated methods.

The opinion of financial analysts employed by major institutions that follow the stock, particularly if it is listed, may also be taken into account along with the target price, if there is one.

For listed companies, the operation carried out by the government must comply with market integrity rules.

The Commission assesses the results of the different approaches and discusses them at hearings with the Government Shareholdings Agency, the company whose shares are sold and the advising banks. It requests any additional information required to examine the dossier (extent and duration of guarantees, any remaining public sector expenses and tax and labour legislation concerns). If necessary, the Commission may ask for other business case scenarios to be assessed. After deliberation, it sets the value of the company as required by law, or, where applicable, issues an opinion on the exchange parity.

Part 3: Overview of the privatisation process

The privatisation process in use in France since 1986 has varied in intensity in line with the policies of successive governments since then and the situation on the financial markets. For simplicity's sake, seven periods can be identified.

1/ Launch of the process (1986-1988)

The Chirac government elected in 1986 decided to launch the privatisation process. The legal framework for this was laid down by the Acts of 2 July and 6 August 1986. The Act of 2 July contained, in particular, a list of 65 companies to be privatised in the five coming years: this list included all the banking and insurance sector companies nationalised in 1945 and 1982 as well as a number of major industrial companies.

This programme was properly launched in 1987, which was also the year that the TF1 television channel was sold. The banking sector was the primary target with the privatisation of the Suez and Paribas groups as well as Société Générale.

However, the October 1987 stock market crash and the change of the ruling party in the Spring of 1988 meant that not all the planned privatisations went ahead.

Overall, the following companies were privatised during this period of less than two years:

<i>Industry</i>	<i>Financial Sector</i>	<i>Services</i>
Saint-Gobain (1986) C.G.E.-Alcatel- (1987) Matra (1988)	Paribas (1987) Sogenal (1987) BTP (1987) BIMP (1987) CCF (1987) Société Générale (1987) Suez (1987)	Havas (1987) TF1 (1987)

2/ The “Neither-Nor” policy (1988-1993)

With the re-election of President Mitterrand and the arrival of a left-wing majority in the French National Assembly, a “neither-nor” policy was introduced (neither nationalisations nor privatisations). This policy was maintained but tweaked slightly by the Rocard (1988-1991), Cresson (1991-1992) and Bérégovoy (1992-1993) governments.

The policy did not exclude certain sales of minority shares in government-owned companies, mainly through new equity issues (issuing non-voting preference shares where appropriate) and taking on industrial partners

The main operations were:

- New equity issues: P echiney (1989), Cr edit Lyonnais (1989), GAN (1990), AGF (1991), Elf Aquitaine (1991 and 1992), Cr edit local de France (1991 and 1993),
- New partners: Renault (1990), Bull (1991), AGF (1992),
- Selling of a significant minority stake in Total (1992).

3/ Relaunching the privatisation process (1993-1997)

The 1993 general elections brought a right-wing majority into the French National Assembly and President Chirac was elected in 1995. The Balladur Government (1993-1995) relaunched the privatisation process with the adoption of the Act of 19 July 1993 reforming the Acts of 1986 and strengthening the Privatisation Commission's role. The Jupp e Government (1995-1997) continued with this policy, but some dossiers ran into obstacles (the attempt to sell CIC was dropped and the Shareholdings and Transfers Commission issued an opinion against selling Thomson).

The Act of 1993 also contained a list of 22 companies to be privatised, made up of the unsold remainder of the 1986 list and a number of major public corporations, such as Aerospatiale, Air France, CCR, CNP, CGM, Renault, SEITA, SNECMA and Usinor.

The new ruling party elected in the 1997 general elections suspended this programme. Overall, the main privatisations over this period concerned mainly the industry and insurance sectors . They are presented in the following table:

Industry	Financial Sector	Services
Rh�one-Poulenc (1993) Elf Aquitaine (1994) Renault (1994 and 1996) P�echiney (1995) SEITA (1995) Usinor (1995) Bull (1995, 1996 and 1997)	BNP (1993) UAP (1994) BFCE (1996) Banque Laydernier (1996) AGF (1996)	CGM (1996)

The same period saw major secondary sales of subsidiaries belonging to public entities under the Commission's supervision: MGM, FNAC, foreign subsidiaries of P echiney and Rh one Poulenc, and the M eridien hotel chain sold by Air France.

4/ Full and partial privatisations on a case-by-case basis (1997-2002)

The Jospin Government elected in 1997 privatised certain companies, in keeping with previous commitments to the European Commission regarding restructuring certain groups with government aid. Both full and partial privatisations helped improve the position of some companies and led to the addition of partners in industrial co-operation agreements.

The table below presents the operations carried out from 1997 to 2002. The implications of these operations were considerable for the companies concerned in terms of

stronger competition on the markets and a European market properly unified by the single currency.

<i>Industry</i>	<i>Financial Sector</i>	<i>Services</i>
Thales (1998, 1999 & 2001) [a] Thomson Multimédia (1998, 1999, 2000, 2001 & 2002) Aerospatiale (1999 & 2000) [b] Renault (2002) [c]	GAN (1998) CNP (1998) (sale of shares) CIC (1998) Crédit Lyonnais (1999) Banque Hervet (2001)	France Telecom (sale of shares in 1997, 1998 & 2000) [d] Césia (1998) Air France (sale of shares) (1999) Société Française de Production (2001) Autoroutes du Sud de la France (sale of shares) (2002) [e]

[a] Upon completion of this operation, the government still owned around 33% of Thales' share capital..

[b] In 1999 Aerospatiale merged with Matra Hautes Technologies and shares in Aerospatiale Matra were sold on the market. In 2000, Aerospatiale Matra merged with DASA (Daimler Chrysler Group) and CASA (Spanish government): the French government indirectly owns 15% of the new EADS group.

[c] In 2002 Nissan subscribed 15% of Renault's share capital and in April the government sold shares in the group on the market.

[d] In October 1997 and November 1998, the government sold shares on the market. In July 2000, a rights issue reserved for Vodafone took place as part of the acquisition of Orange.

[e] Upon completion of the ASF IPO, the government still held 51% of the capital jointly with Autoroutes de France.

There have also been secondary sales of subsidiaries belonging to public entities: Sanders (EMC), Eramet, AOM (CRD), Mory (CDR), Crédit Foncier de France (CDC), Transalliance (CDR), Cariane (SNCF).

5/ Major privatisations (2002-2007)

President Chirac was re-elected in Spring 2002 and the general elections brought a right-wing majority to the French National Assembly. Under the Raffarin Government, important Acts were adopted by Parliament which opened the door to the effective privatisation of France Telecom (Act of 21 December 2003) and changed the legal status of EDF and GDF while leading to their partial privatisation - the government must maintain at least 70% of their share capital (Act of 9 August 2004). Air France was privatised following its public offer of exchange for KLM, and the government subscribed its shares in Snecma, previously listed, to Sagem's public exchange offer.

In July 2005, the Villepin Government decided to fully privatise motorway concession holders at the start of 2006. GDF launched an IPO in July 2005 followed by EDF in November 2005 and Aéroports de Paris in June 2006. In December 2006, an Act authorising the privatisation of Gaz de France was adopted (the government must hold on to more than one-third of the share capital). The main operations carried out are outlined on the next page.

There have also been secondary sales of subsidiaries belonging to public entities: CTE Salvador (subsidiary of France Telecom in Salvador), Medica, Compagnie des Alpes (subsidiaries of Caisse des Dépôts et Consignations), Télécom Développement and SERNAM (SNCF), SNET (Charbonnages de France), Edenor, Light et Energital (EDF) and FCI (AREVA). The biggest sales involved the disposal by Caisse des Dépôts et Consignations of CDC Ixis and its 35% stake in Caisse Nationale des Caisses d'Épargne, and the sale by the government and Autoroutes de France of their motorway concessions.

<i>Industry</i>	<i>Financial Sector</i>	<i>Services</i>
Thomson (2003) [a] Renault (2003) [b] Snecma (2003 & 2005) [c] (privatisation) Gaz de France (2005) [d] (sale of shares) Electricité de France (2005) [e] (sale of shares) Thales (2007) [f] (capital increase) DCNS (2007) [g] (sale of shares)	Crédit Lyonnais (2002) [h] CDC Ixis (2004) [i] (privatisation) CNCE (2006) [i] (sale of shares)	France Telecom (2003-4-5) [j] (privatisation) Air France KLM (2004) [k] (privatisation) Motorways (ASF, APRR, SANEF) (2006) [l] (privatisation) Aéroports de Paris (2006) [m] (sale of shares)

[a] All shares still owned by the government in Thomson Multimedia (20.8%) were sold on the market.

[b] Shares were sold on the market; the government maintained around 15% of Renault's share capital.

[c] IPO in June 2004 following which the government owned only 65% of the share capital. In February 2005, the government decided to subscribe the shares of Snecma that it still owned to the Sagem public exchange offer. Consequently, it owns some 31% of the capital of the new Safran Group.

[d] IPO in July 2005 (sale of government shares and capital increase), following which the government still owned approximately 80% of the share capital.

[e] IPO in November 2005, after which the government still owned some 87% of EDF's share capital.

[f] In January 2007, Alcatel-Lucent contributed assets to Thales. The government still owns 27% of Thales.

[g] In March 2007, Thales acquired a 25% stake in DCNS and 10% more in 2011. The government remained as owner of the remaining 65%

[h] All shares still owned by the government in Crédit Lyonnais (9.5%) were sold on the market

[i] Sold by Caisse des Dépôts et Consignations (secondary operation). In 2006, CDC sold its 35% stake in Caisse nationale des Caisses d'Épargne

[j] In February 2003, France Telecom issued perpetual bonds redeemable as shares. In March 2003, it proceeded with a €15 billion capital increase; the government subscribed the equivalent of its own shareholding. In September 2003, the group launched a public exchange offer to buy out remaining Orange shareholders, followed in March 2004 by an offer to buy out remaining Wanadoo shareholders; these offers were then followed by a public buyout and squeeze-out offer. In early September 2004, the government sold almost 10% of France Telecom's share capital on the market, resulting in the group's privatisation. Further shares were sold on the market in June 2005, and in September 2005 the government's stake was diluted as a result of a capital increase aimed at financing France Telecom's acquisition of Amena, the Spanish mobile telephone operator.

[k] In March 2004, Air France launched a successful public exchange offer for KLM which resulted in the majority of the group's share capital being transferred to the private sector. In December 2004, the government sold 20% of Air France KLM's share capital on the market, and now owns around 19% after offering its employees shares in return for concessions on wages.

[l] Following IPOs in November 2004 for Autoroutes Paris Rhin Rhône (APRR) and in March 2005 for SANEF (Société des Autoroutes du Nord et de l'Est de la France), the government held on to 70% and 75% respectively

of their share capital jointly with Autoroutes de France. These stakes, along with the stake held in Autoroutes du Sud de la France (ASF), were fully disposed of at the beginning of 2006 via calls to tender.

[m] Following the IPO in June 2006 of Aéroports de Paris, the government still owns around 69% of the share capital.

6/ Further privatisations (2007-2012)

President Sarkozy was elected in Spring 2007 and a right-wing majority in the Parliament was re-elected. The terms of the merger between Gaz de France and Suez were overhauled and the merger took place in July 2008. In 2010, Areva shares became available for sale alongside shares in La Poste (internal public sector operation). The main operations carried out by the government are listed below:

<i>Industry</i>	<i>Financial Sector</i>	<i>Services</i>
EDF (2007) [a] (sale of shares)	CADEC (2010) (privatisation)	France Telecom (2007) [c] (sale of shares)
Gaz de France (2008) [b] (merger with Suez & privatisation)		Semmaris (2007) [d] (sale of shares)
Dagris (2008) (privatisation)		Aéroports de Paris (2008) [e] (sale of shares)
Areva (2010) [c] (sale of shares)		ADIT (2011) [g] Thermes d'Aix-les Bains (2011) [h]

[a] In December 2007, the government sold off 2.5% of EDF's share capital on the market. It still owns an 84.5% stake.

[b] Announced in February 2006, the merger between GDF and Suez was completed in July 2008. It resulted in the privatisation of the majority of Gaz de France's share capital; the government then owned a 35.7% stake in GDF-Suez.

[c] In December 2010, Kuwait Investment Authority (KIA) subscribed to a capital increase alongside the French government. KIA now owns a 4.83% stake, while the French government and the CEA (French Atomic Energy Commission) own 83.44%. In May 2011, Areva stock certificates were exchanged against ordinary shares listed on the stock market.

[d] In June 2007, the government sold 5% of France Telecom's share capital on the market. It then owned 27% of the group's share capital.

[e] Government disposal of 33.34% of Semmaris' share capital to the Altarea Group. The public sector then still owned a majority stake.

[f] In November 2008, the government sold 8% of ADP's share capital to Schiphol Group (Amsterdam airport) as part of a cross-shareholding deal. The government then still owned 60% of ADP's share capital.

[g] Sale of a 66% stake to the Butler Group.

[h] Sale of 100% of the share capital to Compagnie européenne des Bains (Valvital Group).

There have also been significant secondary sales of subsidiaries belonging to public entities: sale by EDF of Controladora del Golfo in Mexico and its UK power distribution network, sale by Areva of its Areva T&D subsidiary, merger between Transdev and Veolia Transport, and sale by SNPE of its SME subsidiary to Safran.

7/ Current policy direction (since 2012)

In May 2012, François Hollande was elected President of France and a left-wing majority won the general election. The government's strategy in relation to its public sector shareholdings was outlined for the first time in May 2013, with the goal of ensuring the best strategic return for each euro of public money invested by striking a balance between the amount of share capital owned, governance rights and the pursuit of government targets (particularly in strategic sectors) while complying with the capital ownership thresholds established by law.

The main operations carried out by the government are listed below:

<i>Industry</i>	<i>Financial sector</i>	<i>Services</i>
Safran (2013 and 2015) [a] (four sales of shares)		Aéroports de Paris (2008) [d] (sale of shareholdings)
GDF Suez (2014 and 2015) [b] (two sales of shares)		Orange (2014 and 2015) [d] (two sales of shares)
Nexter (2015) (privatisation) [c]		Aéroport Toulouse-Blagnac (2015) [f]

[a] In March 2013, the government sold 3% of Safran's share capital on the market followed by 4.7% in November 2013, 4% in March 2015 and 2.6% in November 2015. It then still owned a 15.4% stake in the group.

[b] In June 2014, the government sold 3.1% of GDF-Suez's share capital on the market. From mid-June to mid-September 2015, shares were sold on a gradual basis. The government then still owned a 32.8% stake in the company.

[c] In December 2015, Nexter was contributed to a jointly-owned company with the German group KMW.

[d] In June 2013, the government and Strategic Investment Fund (FSI) sold off 9.5% of Aéroports de Paris' share capital in two blocks via a call to tender. These blocks were bought by Crédit Agricole Assurances and Vinci. The government then still owned 51% of the share capital.

[e] In October 2014, Bpifrance Participations sold 1.9% of Orange's share capital on the market followed by 2% in July 2015. The government and Bpifrance Participations then still owned a 23% stake.

[f] In February 2015, the government sold off a 49.9% stake in ATB, a company responsible for running the Toulouse Blagnac Airport. Moreover, it has the option to sell off an additional 10%.

There were two secondary sales of subsidiaries belonging to public entities: the contribution by Areva of its offshore wind subsidiary to a jointly-owned venture with the Spanish group Gamesa, and the sale by EDF of its Hungarian subsidiary, Budapesti Erómű Zrt.

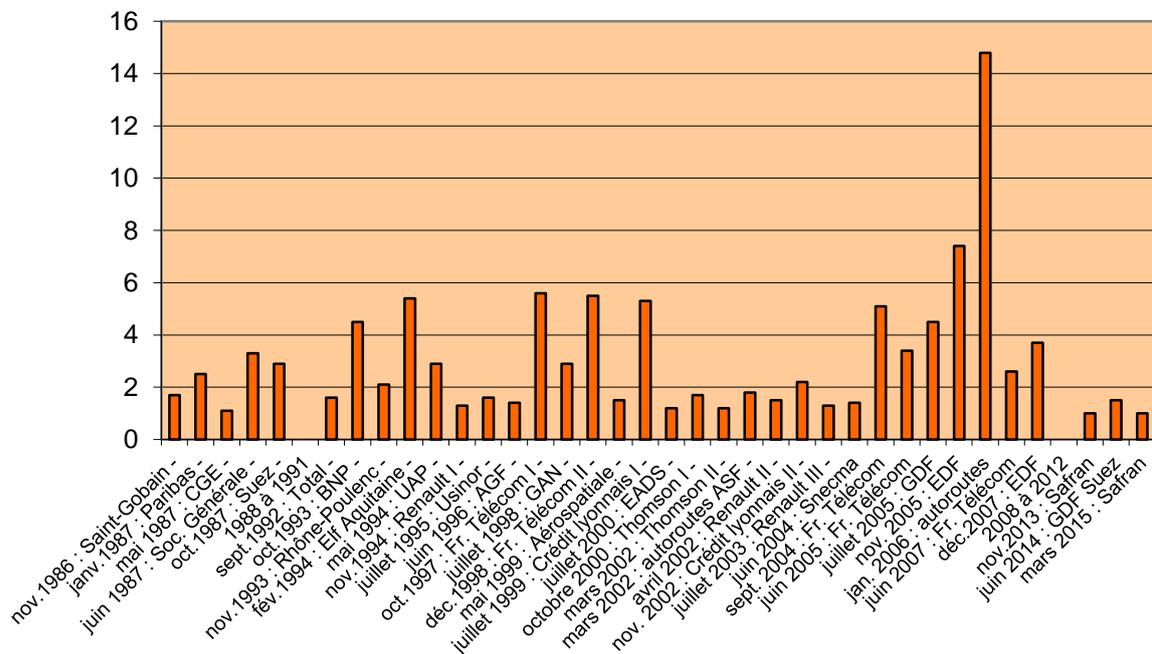
8/ Overview of privatisations¹

The government has earned an estimated €124 billion in budget revenue from privatisations since 1986 over several parliaments²:

- 1986-1988: €15 billion
- 1988-1993: €2 billion
- 1993-1997: €22 billion
- 1997-2002: €31 billion
- 2002–2007: €38 billion
- 2007-2012: €8 billion (+ €4 billion from the sale of hertzian frequencies)
- Since 2012: €8 billion (+ €2.8 billion from the sale of hertzian frequencies).

The chart below provides an overview of the main operations carried out since 1986 that have each generated revenue of over €1 billion for the government. When examining these numbers, the stock market conditions for the period in question must be taken into account.

**Main privatisation operations
(government revenue of over €1 billion per deal)**



¹ Unless otherwise indicated, all amounts are in euros based on the conversion of pre-2002 amounts into French francs based on 2001 exchange rates. Total government revenues are estimated at €111 billion based on a conversion from French francs on a like-for-like basis.

² Includes the sale of motorway concessions

Taken separately, these figures are not entirely significant due to restructuring costs paid by the government. Moreover, these revenues have as a priority been allocated to boost government-owned companies' equity.

Issues of new capital —which dilute government shareholdings— must be added to the above mentioned figures. From 1986 to 2008, they stood at **€74 billion**, mainly as a result of sales of France Telecom shares which generated €38 billion³.

One of the important effects of the privatisations has been an increase in employee shareholdings in the companies concerned. The rate is particularly high compared with other countries, ranging from 3% to 10%.

The government has sold off many **indirect shareholdings** since 1987 (roughly 1,000), involving companies employing more than 400,000 staff in total. The main operations (over €400 million based on current prices) are listed below, excluding the sale of motorway concessions described elsewhere:

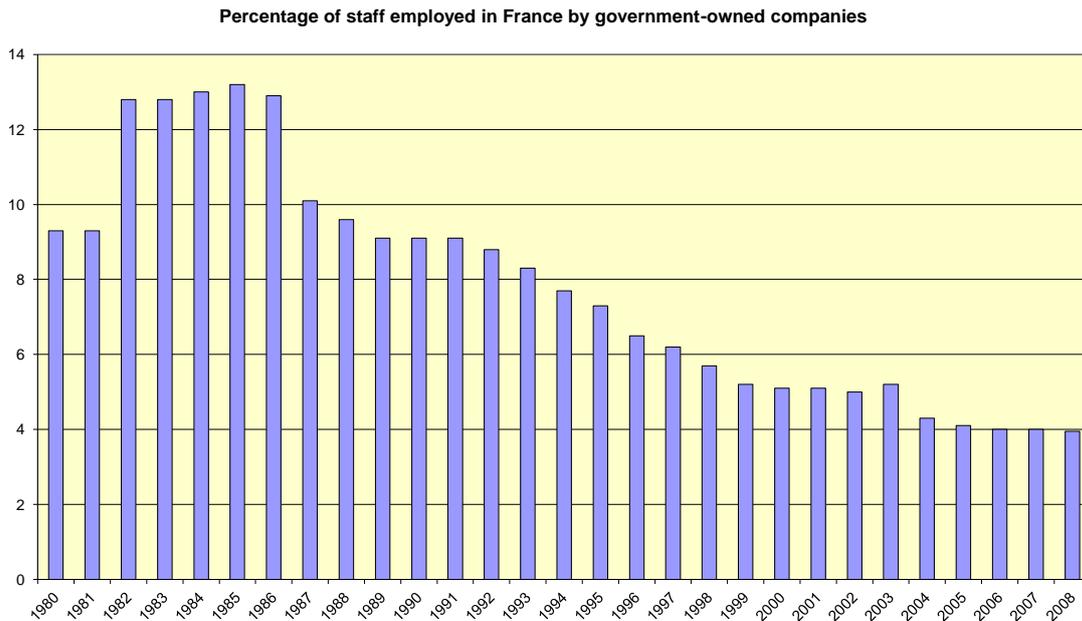
	<i>Value (in billions of euros)</i>	<i>Date</i>
Sale by Péchiney of Foster Forbes Glass	0.7	September 1995
Sale by Péchiney of Corp Hownet Cercast	0.8	December 1995
Sale by Crédit Lyonnais of CLBN	0.6	December 1995
Sale of 67% of CIC by holding company GAN	2.3	April 1998
Sale by CDC of 90% of Crédit foncier de France	0.4	July 1999
Sale by CDC of Eulia (CDC Ixis)	0.6	June 2004
Sale by Areva of FCI (electronics)	0.6	October 2005
Sale by CDC of 35% of CNCE*	6.8	July 2006
Sale by EDF of Controladora del Golfo (Mexico)	0.6	December 2007
Sale by Areva of Areva T&D	2.3	May 2010
Sale by EDF of EDF UK Networks	3.6	October 2010

*sale of a minority stake

It is not easy to accurately assess the relative weighting of government-owned companies compared with industry and services as a whole (excluding the agricultural sector). One of the indicators that can be used is the number of employees.

The percentage of staff employed by government-owned companies since 1980 is estimated as follows (figures adjusted to take into account changes to the scope):

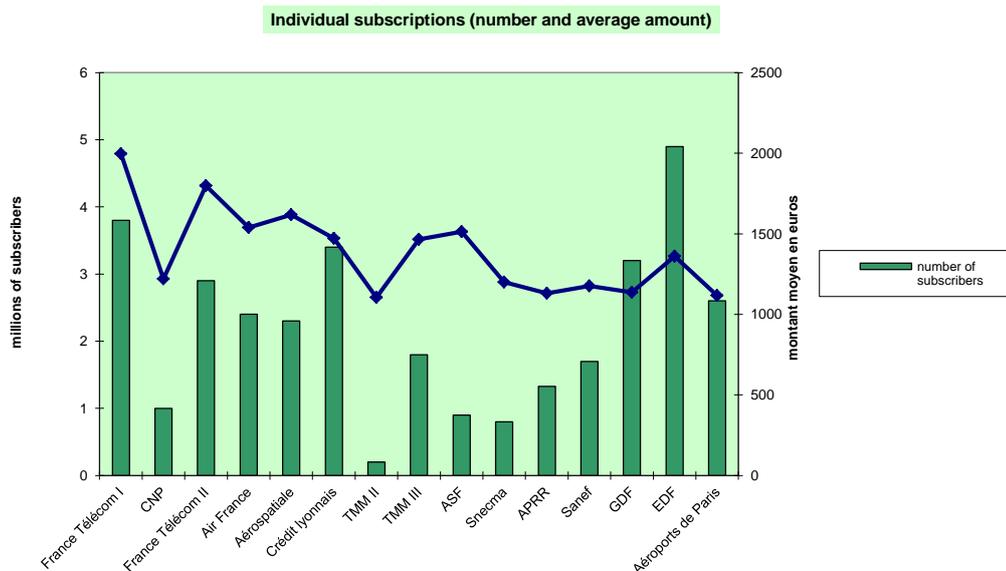
³ Includes the capital increase of almost €18 billion which was part of the Orange acquisition in August 2000, the issue of perpetual bonds redeemable as shares in exchange for MobilCom debt in February 2003, subscriptions —excluding the government's stake— to the €14.9 billion rights issue via the market in March 2003, capital increases resulting from public exchange offers of Orange and Wanadoo shares, the issue of Océane bonds (*bonds convertible into new or existing shares*) that coincided with the government sale of shares at the beginning of September 2004, and a €3 billion capital increase in September 2005 to finance the Amena acquisition.



8/ Success of market operations

Market operations were completed successfully, reflecting investor appetite, particularly during the initial phase of IPOs. A very stable stock market in the first half of 2000 was obviously a key contributing factor to this success.

During the very buoyant stock market period in 1997-2000, the public subscribed massively to offers. In general, volumes were between 3 and 6 times over-subscribed (13 times for Air France). After the speculative bubble burst, demand from individual investors picked up again at the end of 2004 to peak in 2005 for the IPOs of GDF and EDF.



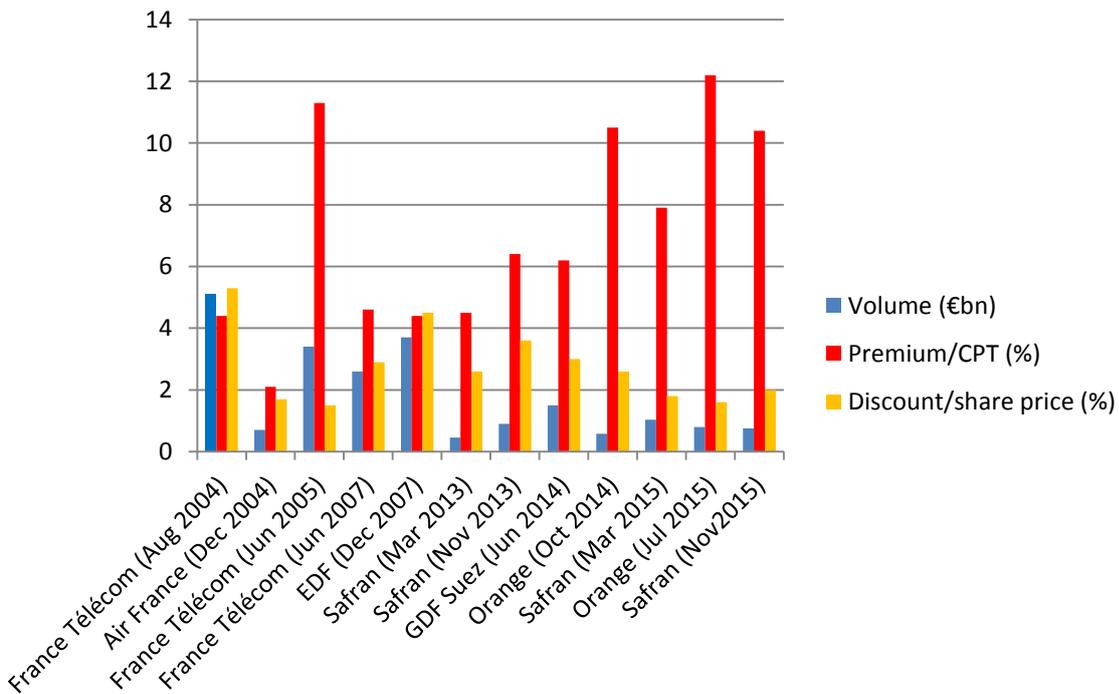
Sales to institutional investors have always been very successful. In general, offers are over-subscribed more than twenty-fold (or even 40 for Air France), including when significant volumes are on offer. It is worth highlighting the strong demand from foreign

investors: in all privatisations, they account for more than two-thirds of subscriptions. The largest amounts were subscribed by US pension funds, UK hedge funds and German banking groups.

Since 2002, the accelerated book building technique has been used on several occasions to sell shares of quoted companies to institutional investors in less than 24 hours. This technique has shown its ability to provide high prices and strong volumes (more than €5 billion in 2004 for France Telecom).

The financial and stock market crises significantly changed the underlying circumstances, making it impossible to carry out any market operations from 2008 to 2012. The situation improved in March 2013 and remains favourable at the time of writing, although volumes have fallen significantly.

Accelerated book building has been used eleven times in the past ten years. On average, operations have taken place at a discount limited to 2.8% of the share price on the eve of the operation (or the eve of its announcement) and a price that exceeded the Commission’s valuation by 6.8%.



*

Privatisations have changed the French economy's structure to a large extent over the last twenty years. The general positive attitude towards this process is probably due to at least two factors:

- Large French corporations needed the boost to their debt-equity ratio that only the markets could provide while being managed in accordance with international norms with greater concern for profitability.
- At the same time, the general situation called for this transition with European competition rules restricting the possibilities for government assistance and the economic globalisation demanding business combinations and cross-border alliances, which proved difficult for government-owned companies.

The financial markets appreciated the true worth of this process, which also bolstered the Paris stock exchange with a capitalisation injection and increased player globalisation. The success of the stock market flotations clearly shows the appreciation of both institutional investors and retail investors.

The *Commission des participations et des transferts* played an important role in this success story by generating confidence in the objectivity and transparency of the transfer operations as well as protecting the government's financial interests.

*

MEMBERS OF THE *COMMISSION DES PARTICIPATIONS ET DES TRANSFERTS*

Members of the Holdings and Transfers Commission (Decrees of 6 February 2016) :



Bertrand SCHNEITER, President of the Commission

*General Inspector of Finance (h.),
former Chairman of Etablissement public de financement et de
restructuration (EPFR)
former Deputy Director General of the French Banking Federation
former Secretary General of the Compagnie nationale des
commissaires aux comptes (French Public Auditors Union)*



Dominique DEMANGEL
Paymaster General



Marc-André FEFFER
*former Deputy Director
General of La Poste*



Danièle LAJOURMARD
*General Inspector of
Finance*



Philippe MARTIN
*President of the Department
of Public Works
of the Conseil d'Etat*



Inès MERCEREAU
*Senior Auditor of the
Cour des Comptes*



Yvon RAAK
*former Deputy Director
General of Nexans*

Secretary General :

Dominique AUGUSTIN
*Assistant Director
of the Banque de France*



NATIONALISATIONS IN FRANCE FROM THE 1930s TO 1982

There were three waves of nationalisations in France:

1. The 1930s

Although the government purchased and created a number of companies in what were considered to be priority sectors in the 19th century and the early 20th century (reconstruction after the First World War), the nationalisation process is generally said to have started in the 1930s.

The recession forced the government to take widespread action, first of all in the transport sector in 1933: Compagnie Générale Transatlantique, Messageries Maritimes and the creation of Air France in 1933.

Starting in 1936, the Popular Front government nationalised weapons industries such as Schneider and took a controlling interest in the Banque de France. In 1937, the SNCF was created by merging the different railway companies.

2. 1944-1946

Two goals were behind the nationalisations that followed the Second World War: to organise the means required for reconstruction and economic recovery and to strengthen the government's role in steering the economy, mainly by controlling the financial sector. At the same time, the idea of non-binding planning came to the fore.

Nationalisations included:

- The energy sector: electricity, gas and coal with the creation of EDF-GDF and Charbonnages de France in 1946;
- The four largest retail banks: Crédit Lyonnais, Société Générale, BNCI and Comptoir National d'Escompte (which merged to create the BNP in 1966);
- 34 insurance companies (subsequently regrouped).

At the same time, the public air and sea transport sector was restructured (nationalisation of Air France in 1945) and extended.

Lastly, in the automotive sector, the Renault factories were seized as a penalty for collaboration during the Occupation.

3. Nationalisations in 1982

In 1981, the presidential and general elections brought a left-wing majority into power. On their agenda was the nationalisation of the credit sector and major industrial groups.

This programme was launched in 1982:

- Virtually all the banks were nationalised (the Suez and Paribas groups in their entirety) and only the cooperative banking sector and foreign banks remained independent;
- Five major industrial groups were nationalised: Compagnie Générale d'Electricité, Compagnie de Saint-Gobain, Pétrobrás, Pechiney-Ugine-Kuhlmann, Rhône-Poulenc S.A. and Thomson-Brandt.

The government also took over the iron and steel industry (nationalisation of Usinor-Sacilor) and the majority of the defence industries (Dassault and Matra) by contractual means.

By the end of these nationalisations, the government controlled a large part of the economy: preponderant share in credit and insurance and from one-quarter to half of the industrial sector depending on the calculation criteria. However, the principle of autonomy in the management of public sector enterprises was adopted at the same time.