

Interview Jean-Claude Leny

The merger that failed

From 1970 to 1996, Jean-Claude Leny was head of Framatome, the builder of nuclear power stations which later gave birth to Areva NP. Now retired and living in Ville d'Avray, near Paris, where European Energy Review met him, he explains why he is opposed to the merger of Areva with Alstom and recalls the relentless saga of the rivalry between Alstom and German giant Siemens, Areva NP's current partner.

Monsieur Leny, German Chancellor Angela Merkel is worried about Siemens being pushed aside and losing out to Alstom. Is there any sense in the rapprochement of Areva and Alstom which some people are predicting?

'None whatsoever. But it has been a recurring problem since 1976. That year, President Valéry Giscard d'Estaing decided to share out the market between the old Schneider group and CGE (Alstom, Alcatel). The first got the nuclear sector, the second turbines and conventional power stations. A perfectly reasonable decision, but Alstom have never been able to swallow it and for the past 30 years they've been trying to get back into nuclear power. But one thing is certain: nuclear power is one realm of expertise, electromechanics quite another.

I'll tell you what really happened, because I was there. At the beginning of the 1980s, Framatome and Siemens, through its subsidiary KWU (KraftWerkUnion), were fierce competitors. It was a cut-throat rivalry. In 1985, the Socialist Prime Minister Laurent Fabius invited me to his office and told me: "This competition is costing us dear, especially in the export market. We're having to give things away in order to win a contract. What can we do?" I replied: "Quite difficult to deal with such a competitor!"

But two events happened to make things easier. First the convergence of safety problems. The German commercial campaign placed a huge weight on the safety of their power stations, playing on the "made in Germany" tag. It was about that time that ecologists in France were predicting that the Fessenheim power station in Alsace was going to explode! I put forward the case for a common approach to safety problems across Europe. Second, there was the Chernobyl disaster in March-April, 1986. It had little impact in France. But in Germany it was like a major trauma. Two months later, during a nuclear power conference in Geneva, we made a breakthrough. The chairman of KWU came up to me and said: "We have to talk." We had a fairly general conversation, but contact had been established.

In 1986, Jacques Chirac replaced Fabius, but it wasn't a question of right or left. At that time, everyone agreed that collaboration with Germany was essential.

We made progress, little by little, discussing only the nuclear sector, so as not to tread on Alstom's toes, and in the end we formed a joint engineering company based at La Défense, near Paris: NPI (Nuclear Power International). The company drew

up plans for a reactor, which we called the "joint product" and which worked so well that one fine day in 1991 it was decided to rename it EPR (European Pressurised Water Reactor).

But at the same time, Alcatel and Alstom already had plans to oust Siemens. I'll give you an idea of the climate. We were due to sign the agreement on NPI. The chairman of Siemens, Dr Kaske, came to Paris for the official ceremony. I was at the George V hotel, ready to take my partner to the Ministry, when my secretary called me in a panic to say: "It's all off." Alcatel and Alstom, headed by Suard at the time, had made strong representations. Dr Kaske and I went for lunch together alone!

I did the rounds of the Framatome board members again, especially the government ones, and I begged them to take a clear decision, yes or no. One month later, the Germans came back for the signing. I believe the matter went as high as President François Mitterrand.

But the fight didn't stop there. Things got worse under the second period of cohabitation government and became even worse when Chirac was elected President in 1995. A year later, I retired at the age of 68.

Immediately after I left, the idea of a merger between Framatome and Alstom surfaced again. Siemens were in the firing line. I knew their chairman, Von Pierer, very well and even though I had retired I got him an interview with Chirac. Siemens put their case and in the end ... it was the British who killed the talk of a merger because at the time Alstom was GEC-Alstom.

When the Socialists came to power in 1997, I told von Pierer: "There's one man you must meet and that's Dominique Strauss-Kahn. You can talk German together and you'll get on very well." It was DSK who set the ball rolling again.

At the same time, Chancellor Helmut Kohl, beaten in 1998, gave way to Schroeder, who formed a government with the Greens. Nuclear expansion was halted and the Germans told us: "We've been put on hold; we're putting all our eggs in Framatome's basket. And when the Socialist government in France reorganised its nuclear industry, merging Framatome and Cogema to form Areva, Siemens took a 34% stake in the new "reactors" branch.

Later, in 2004, when Alstom experienced its serious problems, and when Finance Minister Nicolas Sarkozy stepped in to find a solution, there were some more harsh words, as if the First World War had broken out all over again... But I consider Sarkozy is intelligent enough not to listen to the supporters of nationalistic politics.' ■