



Laws of Nationalization, Acquisition, and Divestiture by French National Companies

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LAWS OF NATIONALIZATION ACQUISITION AND DIVESTITURE BY FRENCH NATIONAL COMPANIES

The most recent nationalizations in France were implemented by President Francois Mitterrand by Law No. 82-155 of February 11, 1982.¹

The first nationalizations were made by the Popular Front in 1936 and included both war-related industries and railroads. The second wave of nationalizations were made by the first Government of Charles de Gaulle between 1945 and 1946. The aim of these nationalizations was to punish some industrialists such as Renault for collaborating with the Germans during the occupation and also to operate structural reforms deemed necessary by the National Council of the Resistance at that time. These nationalizations included the five largest banks in France: Banque de France, Societe Generale, Credit Lyonnais, B.N.C.I., and Comptoir d Escompte.

The nationalizations of 1982 included large corporations such as La Compagnie Generale d'Electricite, Compagnie de Saint Gobain, Pechiney Ugine Kuhlmann, Rhone Poulenc, Thomson Brand, 39 of the largest French banks, part of the French steel industry and Matra Hachette and the Societe Aeronautique Dassault Breguet. In addition, agreements were reached with Roussel-UCLAF, CII Honeywell and ITT France to transfer their ownership to the French Government.

The procedure used was the enactment of a law that had to satisfy one of three conditions: public necessity, monopoly in fact, and the existence of a public-service enterprise. By its decisions of January 16 and February 11, 1982, the Conseil Constitutionnel found that the nationalizations met the requirements of public necessity to confront the economic crises to spur growth and to fight unemployment.

After the triumph of the conservatives in the parliamentary elections, the government of Jacques Chirac immediately decided to denationalize many state-owned banks, industrial firms, insurance companies, and other enterprises.²

As to divestment, Law No. 86-912 of August 6, 1986, created a commission to establish a procedure by which the above-mentioned enterprises and others as well can be denationalized. The sale of the shares to be denationalized is generally made through a public offering.

However, Decree No. 86-1140 of October 24, 1986, as amended by Decree No. 87-227 of April 2, 1987, permit a bidding procedure.³

According to Chirac's laws of denationalization and in conformity with the Gaullist policy of worker participation in the enterprises, 10% of the shares are reserved for sale to the employees of the company.

¹ *Journal Officiel* (JO), February 13, 1982, p. 566 (*Appendix I*).

² *Id.* JO, Law No. 86-793 of July 2, 1986 (July 3, 1986), p. 8240 (*Appendix II*).

³ *Id.* JO, August 7, 1986, p. 9695; October 26, 1986, p. 12915, itself amended by Decree No. 87-227 of April 2, 1987 (*Appendix III* (a,b,c)).

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