

FRANCE

*By Jean-Pierre Palut
AGEMI, Paris*

After three years of sustained economic growth, France's GDP decreased in real terms from 3.4% in 2000 to only 1.8% in 2001 and, despite a near stagnation of exports (+0.5%), the trade surplus increased from €2 billion to €23 billion. Consumption prices increased slightly from 1.5% in 2000 to 1.8%. The unemployment rate continued to decrease from 9% of total workforce in December 2000 to 8.6% in May 2001 but at year end it was back at 9%.

France's oil, gas and mineral production either remained stable or continued to decline slowly during 2000. Indeed, the closure of the last metropolitan mining operations are expected to take place during the coming years, and mineral exploration has virtually ceased already.

French domestic production of crude oil, in 2001, was stable at 1.9 Mt as well as that of natural gas at 1.5 Mt (oil equivalent). Domestic production of coal, oil and natural gas represented only 2% of the total consumption of primary energy in France. However, when taking into account electricity generation, either of nuclear or hydropower origin, France produced 50.0% of its total consumption of primary energy.

In 2001, the year following the official merging of Totalfina and Elf, the new group produced oil and natural gas amounting to 2.2 Million barrels of oil equivalent (boe) per day while reserves were up 2% to nearly 11 billion boe, or more than 13 years of production at 2001 levels. The group's turnover was €105.3 billion in 2001, down 8% from the previous year and the net profit amounted to €7.51 billion (-1.5%). Gross investments amounted to €10.6 billion, up 27% in comparison with 2000.

The production of state-controlled Charbonnages de France (CdF) continued to drop quickly in 2001: lignite production as well

as all remaining opencast operations were closed during the year and the total coal production was down 34% at 2.7 Mt. The last three underground mines, two in Lorraine and one in Provence will be closed by 2005. The main duties of CdF are now to rehabilitate mine sites and dispose of real estate and remaining industrial operations in such a way that jobs are maintained in the regions concerned.

The last domestic French uranium mining operation was closed by Cogema in mid-2001 after exhaustion of its commercial reserves.

In September 2001, the French authorities finalised the Topco project. Announced nine months earlier, it was aimed at reorganising the state-controlled interests in nuclear energy, high technologies and mining. The new holding company, eventually baptised Areva, is controlled by the state either directly (5.19%) or via the Atomic Energy Commission (CEA: 78.96%). Areva in turn holds 100% of Cogema, 66% of Framatome (nuclear engineering) and 11% in STMicroelectronics. With more than 45,000 employees, assets worth some €12 billion and a turnover of €10 billion, Areva is present in every aspect of the nuclear power cycle, from mining to facility decommissioning, including both reactor and fuel fabrication. Through Cogema's subsidiary, FCI, it is also the second largest group worldwide in connectors.

In 2000, Cogema's total turnover was €5.95 billion and the after-tax profit was €260 million. Some 12% of turnover (€739 million) comes from the mining division. Cogema's annual mining production contains around 7,000 t U (20% of world production). In addition, Cogema holds a 25% stake in the nickel/manganese producer Eramet (see below) as well as BRGM's former gold interests in Africa (Sudan and Côte d'Ivoire), with total production of some 7 t/y.

French domestic gold production is believed to have decreased in 2001 to less than 2 t (against 2.8 t recorded in 2000). Cogema's Bourneix operation in western Massif Central closed in mid-2001 after having exhausted its mineable reserves. Mines d'Or de Salsigne, whose operation is located at the southern tip of the Massif Central, filed for bankruptcy in July 1999. Since then, the operation has been run by an official receiver and, in June 2000, the courts approved a plan to revive the operation under a new operator. Conversely, the authorities apparently supported a four-year plan aimed at organising an orderly closure of the operation. Last recorded production was during the period July 2000-June 2001, 1.49 t of gold being obtained from the treatment of 502,000 t ore at 4 g/t Au.

In 2001, French steel production decreased 8% to 19.3 Mt while production of aluminium increased by 1.7% to 713,000 t. Lead and zinc production decreased to 184,000 t (-15%) and 345,000 t (-1%) respectively. Production of nickel was 3% lower at 13,000 t. In 2001, the turnover of the Usinor steelmaking group decreased from €15,733 million in 2000 to €14,523 million (-7.7%) and the net Income plunged from a €759 million to a €720 million loss. After having announced in February 2001 an all-stock merger, Usinor SA, Arbed SA and Spain's Aceralia Corporacion Siderurgica SA obtained in November 2001 the regulatory approval of the European Commission. Arcelor was eventually incorporated in February 2002, with Usinor holders receiving a 45.5% stake in the new Luxembourg-based company. It is now the world's biggest steel producer with a workforce of 110,000 and an annual output of some 45 Mt.

After having failed in 1999 to merge with Alcan and Alusuisse, Pechiney has engaged a policy aimed at streamlining its operations and cutting costs as well as taking stakes in new aluminium smelter projects, using as an incentive its new patented technology (named AP 50) which should reduce electrolytic costs

by 15%. In 2001, primary aluminium represented 66% of its operating profit for 17% of the group's turnover. The latter was up 3.5% at €11 billion, net income was €233 million (down 26% from 2000).

In 2000, Metaleurop, whose operations are located in France, Belgium, Germany, Italy and Spain, refocused its activities on lead, zinc and speciality metals. It has also pursued an internal reorganisation which will include in particular the closure of the primary lead and zinc plants at Noyelles-Godeault (Northern France) and development there of recycling activities. The 2001, turnover was €650 million, down 12% from the previous year on a pro forma basis and, because of lower zinc prices and modernisation costs at Noyelles-Godeault, the company posted a net loss of €32 million after a €20.6 million profit in 2000.

Eramet, which recently expanded significantly its manganese and special steel businesses through acquisition and mergers, announced a €2.23 billion turnover against €2.29 in 2000, an operating profit of €96 million against €301 million in 2000 and a net loss of €3 million compared with a €107 million profit in 2000. The nickel division (SLN, with 22% of group turnover) produced from its mining operations and its Doniambo smelter in New Caledonia 58,973 t of nickel (as ferronickel and matte), up 2.6%, and production by SLN at its Le Havre-Sandouville plant in France (metal and salts) rose by 6% to 13,389 t Ni. SLN is still planning to increase its production capacity in New Caledonia from 60,000 to 75,000 t/y at a cost estimated at €150 million in 2000. The manganese division (41% of group turnover) is a world leader, fully integrated from mine (Moanda in Gabon) to processing and trading. Its total deliveries of manganese alloys reached about 1.02 Mt, down 7% from 2000, because of difficulties on the trans-Gabonese railway in early 2001.

French potash production slumped from 330,000 t in 2000 to 257,000 t in 2001, while the production of salt at 6.1 Mt, sulphur at

840,000 t and talc at 370,000 t remained at similar levels to 2000.

State-controlled Entreprise Minière et Chimique group (EMC) has confirmed that potash extraction from its depleted mines near Mulhouse in Alsace will cease in 2003.

The Imerys group (formerly Imetal) has been pursuing its expansion in industrial minerals and construction materials, although acquisitions were less important in 2001 than in the previous year. On a pro-forma basis, 2001 results remained stable but the net profit decreased 44% to €79 million while the group's turnover reached €2,898 million (+3.3%) in January 2001. The Lafarge cement and construction material group won the approval of UK's Blue Circle for a €7.4 billion takeover that creates the world's biggest cement group. This acquisition took effect in July 2001 and the integration of the two groups was completed by the end of the year. As a result the cement division progressed 30% by volume and operating profits rose by 29%. The group's turnover was €13.7 billion, up 12% from 2000 (3% on a pro forma basis) and the net profit increased 3% to €750 million.

French Metal and Mineral Production (‘000 t except where stated)

	1999	2000	2001
Energy and steel industry			
Crude petroleum	2,100	1,900	1,900
Natural gas (oil equiv.)	1,700	1,600	1,500
Coal and lignite	5,700	4,100	2,700
(oil equiv.)	3,300	2,300	1,500
Steel	20,200	21,000	19,344
Ores, Metal content (t)			
Gold	3.0	2.8	n.a.
Uranium	420	300	156
Metals, primary and secondary			
Lead	223	217	184
Zinc	337	348	345
Aluminium	694	701	713
Nickel	11	13	13
Industrial minerals and materials			
Potash (K ₂ O)	350	330	257
Salt	5,900	6,200	6,096
Fluorspar	110	114	n.a.
Barytes	75	92	n.a.
Talc	370	380	367
Sulphur	820	800	840

n.a. - not available