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Suez: The endeavour to evolve from a French flagship in utilities to a European corporation (1982-2006)

Hubert Bonin, professor of economic history at the Institut d'études politiques de Bordeaux (Centre Montesquieu d'histoire économique-Bordeaux 4 University) [h.bonin@sciencespobordeaux.fr]

THIS TEXT IS ONLY THE SECOND DRAFT (AFTER THE ONE PRESENTED TO THE MILANO PRE-CONFÉRENCE IN SEPTEMBER 2005) OF A STUDY WHIH IS DEVELOPED FOR THE HELSINKI CONFERENCE OF AUGUST 2006, BUT WHICH WILL BE COMPLEMENTED FOR THE FUTURE PROCEEDINGS.

Compagnie universelle du canal maritime de Suez had been specialised in the management and the development of the Suez canal in Egypt, up to its nationalisation in 1956; afterwards, owing to its accumulated reserves and the indemnity paid by the Egyptian state, it became a financial company, managing financial assets, under the name *Compagnie financière de Suez*[1]. It developed a multi-activities strategy, investing funds into banking subsidiaries, industry and services companies and financial funds, focusing mainly on French firms and markets. Its (second) nationalisation in 1982 and its privatisation in 1987 coincided with the rapid globalisation of its industrial and services partners on a European scale and the building of a common finance and banking market in Western Europe, especially from January 1993, which involved directly its banking subsidiary, Banque Indosuez[2]. A long-term strategy emerged therefore, which transformed an almost wholly French-oriented firm into a Europeanised group, which was symbolised by the purchase of the huge financial holding *Société générale de Belgique* in 1989. That was the climax of a strategy which intended to set up a finance and banking-oriented finance firm, what was called a "*groupe financier*"[3] and perceived as a beacon for the structuration of French capitalism around a few groups[4], notably Suez and Paribas[5]. But a dramatic turnaround occurred in the 1990s, when Suez was committed to a drastic revolution to assert itself as a key European leader in utilities (water, garbage, power, gas)[6] able to challenge big groups like Veolia, RWE, EON, EDF, ENEL, Vaterfall or ENDESA.

Our objective is to reconstitute how much a European dimension was involved throughout this changes. Business story is at stake because such a case study supposes to track the changes of the strategy itself: A first stage of success in the Europeanisation process with the purchase of the Société générale de Belgique group, then the failure of the Europeanised finance and banking strategy, third the remodelling of the activities portfolio thanks to the merger with *Lyonnaise des Eaux* in 1997, last the building of a Europeanised utilities group. A second part will be dedicated to the analysis of business structures, of the design of an actual Euro-globalised firm, with centres of responsibility shared between Paris (in charge in water and waste management) and Brussels (through Electrabel-Tractebel, in charge of power and facilities management): Up to the recent developments – till pending the merger taking shape between Suez and Gaz de France –, the Brussels centre has been leading thus partly its own worldwide strategy alongside its portfolio of activities and skills. This "belgiasation" of the group in these areas is being somewhat favoured by French authorities using it to transfer French public power entities to private companies competing with EDF, whereas French control of these entities is being kept because Suez controls the Belgian companies involved in such a privatisation process. Figures will help understand the new configuration of the group alongside its development across Europe and abroad. Tackling the topics of business power, a third part will scrutinize the bipolarisation of stakeholding, of the actors exerting influence on the Board, of the management teams themselves. The

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[1] H. Bonin, *Suez. Du canal à la finance (1858-1987)*, Paris, Économica, 1987.
[2] H. Bonin, *Indosuez. L'autre grande banque d'affaires (1975-1987)*, Paris, Économica, 1987.
[3] H. Bonin, *Les groupes financiers français*, Paris, Presses universitaires de France, 1995.
[4] François Morin, *La structure financière du capitalisme français*, Paris, Calmann-Lévy, 1974. François Morin, *Le capitalisme en France*, Paris, Cerf, 1977. Parick Allard, Michel Beaud, Bertrand Bellon, Anne-Marie Lévy, Sylvie Linhart, *Dictionnaire des groupes industriels et financiers en France*, Paris, Seuil, 1978. Bertrand Bellon, *Le pouvoir financier et l'industrie en France*, Paris, Seuil, 1980.
[5] M'hamed Sagou, *Paribas, anatomie d'une puissance*, Paris, FNSP, 1981. Jean Baumier, *La galaxie Paribas*, Paris, Plon, 1988.
[6] H. Bonin, « Suez, de la finance aux services collectifs : analyse du redéploiement stratégique des années 1990 », in Ludovic Cailluet (ed.), *Marché(s) & hiérarchie(s)*, Toulouse, Presses de l'Université des sciences sociales de Toulouse 1, 2000, pages 389-403.

"francisation" of the Belgian *Société générale de Belgique* stirred worries all around Belgian elites, but Belgian influence has regained momentum within Suez thanks to the Frère institutional investor and to a reshuffling of managers in favour of a balance between French and Belgian leaders – up to the recent reengineering of the group at the very end of 2005. The key issue lies with drawing up a rationalised architecture for a Europeanised company alongside the managerial rules of a "firm": How to shape it despite the requirement to respect national sensitiveness and some nationality balance among high executives? Such management aspects are all the more critical because the scheme adopted had to help afterwards developing the group worldwide, which implied to define whether such a firm could be managed alongside several national poles of power – still a utopian solution – or whether these story elements were only political and diplomatic steps toward the merging into a unified Paris group, only pumping a portfolio of skills, of energy networks and power, of cash from its Belgian sister company.

Strategy, structures, and governance will thus be the core topics of our study, which will help understand how a a new transnational firm[7] has been built since the 1990s – even if our study tackles only the European side of the story. Its sources have been provided by the annual reports of the Suez group, by press articles, by interviewes with managers, by records provided by the public relations department of the firm, and by some books about business in France and in Belgium.

1. From a French-oriented financial group towards a Europeanised banking and finance firm (1974-1988)

As for the europeanisation of the Suez group, business history is encompassing a very short time: The process emerged as a revolutionary move at the very end of the 1980s.

A. A limited europeanised scope

Before its nationalisation, the Suez group was Europeanised only through three ways: Some of its partners, like Saint-Gobain, had already established bridgeheads in some European countries; it held some assets management funds which had invested in equities all over Europe – mainly in London and Luxembourg). And its banking subsidiaries were involved in some European markets, first through correspondent banking activities (for both CIC and Indosuez), second (only for Indosuez Bank) through direct investments to set up a network of branches all over Western Europe; third thanks to the financing of international commodities trading[8] (through the Geneva and London Indosuez strongholds). The nationalisation, which occurred in 1982 because of the leftists' victory, reinforced the French roots of the group because it had to prop up some industrial partners, sometimes at the demand of the state, whilst it got rid of its stake in CIC. Only when the privatisation of Suez was achieved in 1987 did the group restarted to face European challenges. The team of executives felt independent from the state's priorities of supporting industriel sectors but convinced of the new priority of France to reinforce its economic power and to structure Europeanised strategies in order to resist European, Japanese and American competitors; the new paradigm of that time was defined altogether by the rightists (1986-1988; 1993-1997) or by social-democrat leftists which had joined the market-

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[7] H. Bonin (*et alii*, eds.), *Transnational Companies (19th-20th Centuries)*, Paris, P.L.A.G.E, 2002.
[8] H. Bonin, « Suez et le commerce international (1957-1987) », in François Crouzet (ed.), *Le négoce international, XIIIe-XXe siècles*, Paris, Économica, 1989.

economy side: state-owned and public companies were to conquer strong European positions through purchases – a beacon for this strategy being Crédit lyonnais' rapid expansion all over western Europe.

B. Suez and the bid over Société générale de Belgique (1988) : The respect of Belgium interests

At that time, Suez emerged from the process of its privatisation (led by the rightists in 1986-1988): The state sold its stake on the Stock Exchange in Spring 1987. The Suez executive team mixed liberal-pragmatist leftists (Patrick Ponsolle and Gérard Worms, for example) and liberal-minded businessmen, all gathered in fact by their generational links (in their 40s). They seized the opportunity of the bid by Italian *condottiere* Carlo De Benedetti (through its French finance arm) on a fragile *Société générale de Belgique* (SGB) to determine the very strategy of a revitalised Suez group: Europeanisation. The key targets were in fact on one side the banking activities of SGB (*Générale de Banque*, the first Belgian bank, practicing universal banking), and on the other side its ''financial group" structure, which could be inserted within the historical heritage of Suez, that of a "*groupe financier*", a holding company controlling numerous industrial and services firms, managing the allocation of resources, supervising strategies, and selecting chief executives and boards. Suez could thus evolve from a French *groupe financier* towards a Europeanised *groupe financier*, that is a group developed in France and the Benelux, in order to duplicate the French model and establish a large financial conglomerate with a European scope.

The "*condottiere*" De Benedetti had decided to compete with the Agnelli and the other Italian family financial groups and to transform his industrial group (Olivetti) into a diversified conglomerate active on a European level. His COFIDE group controlled thus Buitoni (food), Latina (insurance) and Olivetti, but it lacked the actual dimension of a European group. Its French subsidiary Cerus – named since its inception in 1986 *Compagnies européennes réunies*, as to express its very mission – conceived the scheme to take the control of *Société générale de Belgique* and use it a leverage to develop an internationalised stucture in industry and services, mixing Italian and Belgian assets. Belgium was so rich in companies still waiting for a clear-cut strategy but rich with discreet assets that it became a target for numerous ambitions: French insurer UAP purchased for instance *Royale belge* in 1987 (defeating its French rival AXA).

The Belgian economy had not yet been deeply reorganised: ageing sectors were evolving towards rationalisation, financial and/or family holdings had to reshape their portfolios, but SGB appeared as an aggregate of assets inherited from the history of Belgium capitalism[9] more than as a articulate group (in mining, energy, electro-technology, chemicals, armaments, insurance, etc.). Thus the role applied to SGB became crucial: This conglomerate was the key actor of the restructuring of large parts of Belgian economy and his governor (since 1981), René Lamy, had started reshuffling its participations although he faced harsh oppositions within a group accustomed to the independancy of its feodalities[10], which explains the undervaluation of the Stock Exchange value of SGB, transformed thus into a target for raiders like De Benedetti:

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[9] René Brion & Jean-Louis Moreau, *La Société générale de Belgique, 1822-1997*, Anvers, Fonds Mercator, 1997.

[10] Ginette Kurgan Van Hentenryk, *Gouverner la Générale de Belgique. Essai de bibliographie collective*, Bruxelles, 1992.

"Belgium is the best country to set up a European project and the Générale the best choice available to become a leverage for a true European holding."[11]

Although Belgium missed a robust-minded state able to organise a global economic policy, Belgian nationalism did exist among the institutional and family investors who represented the capital accumulated for decades of past prosperity: Numerous stakeholders were to be convinced to get involved in "Europeanised" strategies and mobility versus mere "Belgian" *statu quo* and decline. "One does not go to Belgium without Belgians"[12], asserted for example the chairman of UAP before taking over *Royale belge* thanks to Belgian allies, a point which De Benedetti and his junior deputies (Alain Minc, François Sureau) forgot when they purchased 18 per cent of SGB's equity on the market and launched their bid. Conversely, Suez chose to find out Belgian allies: Its board (convened on 20 January 1988) disposed of the support of French partners which had some European experience (Saint-Gobain, Lyonnaise des eaux, CGE, Lazard), but it also seduced some Belgian partners, in order to penetrate within the networks of family and finance relationships which had woven Belgian capitalism. From the start, Suez assumed an explicit strategy to balance French and Belgian interests and management should its counter-bid succeed: a group of Belgian investors had to be set up as a representative of Belgian national interests; Suez posed itself as a financial specialist, able to accelerate the process of rationalising Belgian capitalism, not as a predator intending to rampage Belgian sectors in favour of French ones. The control of key elements was at stake: Petrofina, the Belgian oil firm, Tractebel, the energy firm, and the first Belgian bank, *Générale de Banque*[13], whilst *Union minière* (raw materials)[14], GECHEM (chemicals) or else were also important.

Concessions had to be prepared in order to share control with Belgian investors. Suez managers negotiated therefore with Albert Frère, the businessman who had sold its steel firms to the state[15] and become a financial investor, with Maurice Lippens, the chairman of *Assurances belges* (the leading insurance company and an institutional investor), with members of key families (Pol Boël, linked with the Janssens and the family circles who controlled Solvay, who had married Nicole Davignon, the sister of baronet Étienne Davignon, then a European Commissionner), whereas a key financial holding, Gevaert (which had sold its industrial interests to BASF), swayed between the two bidders. French financiers had learnt about Belgian nationalism when the process of the nationalisation of French finance groups Suez and Paribas had begun in 1981-1982; Belgian financiers (Frère, allied with Canadian ones) had struggled to preserve the Belgian assets of Paribas (the financial holding Copeba and Paribas Belgique) from the direct control of Paribas in Paris and thus from the supposed-to be leftist overseeing: Owing to tricky purchases on the Stock Exchange, they had succeeded in taking away the control of these companies from their mother corporation..., before

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[11] De Benedetti, 19 January 1988, in Bruno Dethomas & José-Alain Fralon, *Les milliards de l'orgueil. L'affaire de la Société générale de Belgique*, Paris, Gallimard, 1989, page 106.
[12] *Ibidem*, page 100.
[13] Herman van der Wee & Monique Verbreyt, *La Générale de Banque, un défi permanent, 1822-1997*, Bruxelles, Racine, 1997. Hermann van der Wee (ed.), *La Générale de banque, 1822-1997*, Buxelles, Racine, 1997.
[14] SGB held a 25,5 percent stake in 2000 in the powerful mining and metal group *Union minière*.
[15] Albert Frère had got rid of his two steel companies Hainaut-Sambre and Triangle, from the Charleroi area, which were merged with the firms from the Liège area, into the Cockerill-Sambre group, in 1980. A Frenchman, Jean Gandois, became the chairman of Cockerill in 1983. *Cf*. Ginette Kurgan Van Hentenryk, "Albert Frère", in Ginette Kurgan & E. Buyst (eds.), *Cent patrons du XXe siècle en Belgique*, Brussels, Alain Renier, 1999, pages 103-105 and 250-251.

negotiating a shared control afterwards. The influence of Albert Frère[16] had become all the more determinant because he used the indemnity paid for its steel assets by the Belgian state to take control of another key financial conglomerate, *Groupe Bruxelles Lambert* and its bank subsidiary, *Banque Bruxelles-Lambert* (BBL)[17] in 1982, which propelled him as a key Belgian financier.

Suez had to negotiate with such a "godfather" of Belgian capitalism: It succeeded in convincing them that a cross-border partnership would be achieved and that the reshuffling of SGB's assets woul profit to the Belgian economy and provide Belgian investors opportunities to develop the value of their assets, without transferring cash from Bruxelles to Paris. Synergies were also at stake between the banks of both groups, Indosuez et *Générale de Banque*. The general assembly of SGB on 14 April 1988 crowned Suez' efforts, with a stake of 52 per cent against 48 per cent for Cerus. The success over De Benedetti of the counter-bid on SGB paved the way to the completion of this strategy because it opened the door to a control over huge sectors of Belgian economy[18]. Suez became therefore a binational-headed group, which seemed to draw a symbol of a second generation of Europeanised corporations, after the first one established by a minority of industrial groups like Unilever, Royal-Dutch-Shell and Philips. It could have rung the time of cross-border mergers and strategies.

C. As a first conclusion

Such business story fosters our analysis with a first amount of elements. Europeanised capitalistic moves emerged at the end of the 1980s among finance and banking groups, because undervalued or even sleeping assets seemed a target for rationalising structures and stir capital mobility. A stage of the history of European capitalism had been reached, where "financial groups" had to reconsidered the heritage from the 1950s-1970s and evolve from mere management of stakes in numerous companies as "passive incomes" to actual industrial strategy in order to develop return on investments. At this period, no hedge, pension or equity funds were still active in Europe, and financial groups (institutional investing groups, like Suez, family groups or banking groups, as in Germany) were the main actors (with the state) of the reorganisation of large sectors of capitalism. Everybody felt the need to accelerate the process of reshuffling cards, but no one dared to move first, because informal or implicit gentlemen's agreements between groups or nationalistic considerations were supposed to block any attempt to question the financial order on a European scale.

2. The failure of Suez to become a Europeanised financial group

Despite the apparent simplicity of the future developments at a first glance, this business story was deadlocked and Suez failed to transform the essay: It never reached the scope of a Europeanised group through the diversified scheme imagined in 1988.

A. No Europeanised minds

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[16] José-Alain Fralon, *Albert Frère. Le fils du marchand de clous*, Paris, Fayard, 1997.

[17] Jean-Marie Moitroux (*et alii*, eds.), *BBL, Une banque dans l'histoire, 1871-1996. De la Banque de Bruxelles et de la Banque Lambert à BBL*, Bruxelles, Banque Bruxelles-Lambert, 1996. The bank itself was sold to the Dutch group ING in 1992.

[18] Anne Vincent, « Le groupe Suez. La prise de contrôle du premier groupe belge », in *Les groupes d'entreprises en Belgique. Le domaine des principaux groupes privés*, Bruxelles, CRISP, 1990, pages 11-196.

Strong resistances were met from Belgian executives's teams on one side, fearing French involvement in Belgian industrial developments. French managers were always suspected to intend to impose strategical solutions to Belgian capitalism and to take profit of these reorganisations to favour French companies: Distrust often prevailed among Belgian financiers and industrialists, high civil servants and newsmen[19]. There were no cultural affinities between French managers of Suez – all formed through the "*grandes écoles à la française*" and thus entertaining "one single mould" of management – and their Belgian counterparts; there were no "sociability" habits (clubs, sports, cultural events) to establish informal links between the two "worlds" of Paris and Bruxelles marketplaces. There were no actual "Europeanised" minds in fact and it seems as a fairy tale to imagine such a trend.

There were still two strategies developing their way in parallel: the French one and the Belgian one. Suez had to follow its pledge of respecting Belgian interests through the process of rationalisation of the SGB group. It had mainly to take into account the will of autonomy asserted by the Frère group; Albert Frère played for exemple a key role to stop the offensive of French oil firm Elf over Petrofina in 1993, which had raised discontent in Belgium. The reshuffling and the sale of industrial and services assets of SGB had to be conceived alongside Belgian requisites and pace, in order to preserve their value, to avoid closing plants to rapidly although rationalisation required it to enhance this very value, and to prevent these firms to reconsider too quickly their interests abroad (in Black Africa especially) because Belgium's geopolitical constraints had to be considered.

A beacon for this "belgiasation" of SGB was the choice of its chairman: The chairmanship escaped to Suez itself and a consensus was reached to select Etienne Davignon himself – at that time a key Belgium leader[20] – as the chairman, from April 1988 to February 2001, then as vice-chairman up to October 2003. His own stature was presumed to show that Suez put a brake on its aspirations to absorb SGB, which gave time to Belgian interests to be reorganised by SGB alongside the wishes of Belgian business and the general interests of Belgian economy. In the meanwhile, Albert Frère and its BBL holding purchased a stake in Suez (7,5 per cent) in 1996, as a means to have a say in the strategic choices of the mother company itself and to symbolise the new cross-border way of life of the group. In parallel, Suez preserved the alliance with another key figure, Maurice Lippens, who stayed at the Board of SGB; he was one of the Belgian business leaders who took part to the reshapming of Belgian capitalism in the wake of Suez-SGB reorganisation: after creating the Fortis banking and insurance group in 1990, he inherited in 1998 of *Générale de Banque*, the subsidiary of SGB, which was integrated into Fortis. He was thus the symbol of the tacit gentlemen's agreement between Suez and the Belgian business community alongside which Suez could tackle the utilities activities whilst leaving local businessmen reshuflling SGB interests in industry and banking: if the French Suez group took control of SGB and Tractebel and if important Belgian, Spanish and French steel activities merged into Arcelor (another French and European group), robust Belgian groups emerged in the meanwhile, especially around Umicor (mining and metal) and Fortis (insurance and banking), thus

[19] « Dans un contexte de méfiance vis-à-vis des jacobins français prêts à sacrifier les intérêts des Belges sur l'autel des nécessités hexagonales, l'inquiétude était grande », Luc Rosenszweig, *Capital*, April 1997.
[20] Étienne Davignon had been the Belgian ministry of Foreign Affairs from 1969 to 1976 and a key actor of the process towards the building of an integrated European Community ("Davignon report" in 1970). He presided over the International Energy Agency in 1973-1977, before joining the European Commission in Brussels in charge with industry, research, energy, and the market supervision, from 1977 to 1981, then as the vice-president in 1981-1985.

as balance between pure Belgian interests and a compromise with European integration.

B. Decentralisation and managerial leeway

More significant was the managerial limits of the crossborder group: The Suez team could not imagine a Europeanised management of the group; the requisites of a "globalisation" on a European level was not still understood because of the very culture of the Suez groupe since its foundation in the 1960; its core rules of management were based on decentralisation. Beyond the choice of its leaders and arguments over financial resources, each subsidiary could follow its own way, live its own life, either in France or now onwards in Belgium. Retrospectively, we can define some kind of an invisible ceiling, which hindered Suez from changing its ''business culture'' and conceive the very reality of an actual "crossborder group", to evolve from a "holding culture" to a "transnational firm culture". Harsh internal struggles grew among its leaders about the managerial structures and habits, but no actual change occurred. Such a way of management meant that each sector was developed independantly without synergies, economies of scale, and rationalisation. Banking activities, for example, did not converge within the group: Indosuez and *Générale de Banque* lived their own strategy, without the merger of their international networks, of their assets management sector, of their wholesale banking or of their private banking activities. They stand in face of each another, like commonplace competitors, and *Générale de Banque* even got the control of some Suez retail banking subsidiaries in France itself (*Banque parisienne de crédit* and its regional entities).

C. Services without European synergy

Such a discrepancy between equity controls and management became still more evident when Suez merged with *Lyonnaise des eaux* in 1997. This company had been one of two leading water utilities in France – since it had lost its energy activities through the nationalisation of electricity and gas in 1946. Suez helped Lyonnaise des eaux in the mid-1960s by stabilising 20 per cent of its equity, but the utility had quite recovered its independency after the nationalisation of Suez in 1982 and had transformed itself into a conglomerate mixing utilities (waste management, water services) and public works (because of buying GTM).

After this merger, the Suez-Lyonnaise des eaux group and the SGB group nurtured therefore in parallel similar activities: banking, finance, utilities – because SGB controlled Tractebel-Électrabel, constituting 42,7 per cent of its assets in 1996 – without any attempt to build a structure able to unify the management of these activities alongside rationalised and Europeanised methods and strategies. The Belgian state itself got involved in the argument: The ministry of Finance and the Prime Minister opposed themselves to a transmission of Tractebel management to a direct influence of the French holding and the confusion between the services activities of Lyonnaise des eaux and Tractebel. Belgian local authorities and political parties feared that Électrabel, the private group which provided electricity to the local public companies of distribution ("*les intercommunales*")[21] and Distrigaz, its sister company

[21] Alain Sterck & Pierre-Jacques Hamel, « Les sociétés d'économie mixte en Belgique : les intercommunales et le groupe Tractebel », in Sylvain Petitet & Denis Varaschin (eds.), *Intérêts publics et initiatives privées. Initiatives publiques et intérêts privés. Travaux et services publics en perspectives*, Vaulx-en-Velin, ENTPE & Presses universitaires de l'Artois, 1999, pages 163-168. Électrabel was formed in

for gas distribution, should escape to Belgian management. The illusion that SGB was still an autonomous firm vested to Belgian interests had to be preserved as some kind of a levee against francisation. The tactics then followed was first to assert SGB as the key stakeholder in Tractebel and indirectly of Électrabel because it was conceived that a stronger SGB- Électrabel should counterbalance more efficiently the power of Suez-Lyonnaise des eaux. This explains that the competing (but altogether a partner) holding BBL sold its 25 per cent stake in Tractebel to SGB in September 1996. The second and simultaneous path was to fix Tractebel as the key stakeholder of Électrabel: in September 1996, the former inherited from the 22,6 per cent of owned by Belgian institutional investors Électrafina and Royale belge, thus pushing it stake from 39,8 to 64,2 per cent. On one side, Belgian circles were somewhat happy to anchor SGB and its energy daughter companies alongside a strong shareholder as Suez, thus paving the way to their worldwide development (through investments in energy equipments all over the world). On another side, Suez had to respect local energetic ''patriotism'' among local communities and industrialists – intending to keep their Belgian-anchored relationship – in the name of investment policies and tarriff controls. The Belgian state, for example, discussed with Tractebel about the Belgian 1995-2005 electric program which included in 1996 the investment in three new power stations. And local authorities reinforced in 1996 their stakeholding in Distrigaz, the Tractebel subsidiary dedicated to gas activities[22]. These insignificant moves are anyway clues of ''nationalistic'' barriers which legitimately could hinder the building by Suez of a Europeanised architecture: It had to take into account capitalistic, political and law tools to be posed as obstacles to excessively pushing offensives to rationalised and unify the group alongside basic managerial rules.

D. As a second conclusion

Suez-Lyonnaise des eaux (with SGB) had became a Europeanised conglomerate, but was deprived of any Europeanised organisation and could not appear as a Europeanised firm, with Europeanised structures and Europeanised strategies. It was a "success story" considering the growth of turnover, volumes of managed assets, virtual power over West-European economy; but it was a failure in the history of management and of the "firm" because organisation, structures, strategy, institutional communication, business culture, and human resources were all managed separately. SGB had to assume a parallel mission, that of reorganising large parts of Belgian capitalism (through the sale of its stakes in firms which it had controlled since the 19th century), and Suez had to wait until this rationalisation be achieved. Moreover, Belgian business and state leaders could not assume that SGB and its key daughter companies (Electrabel, Tractebel, Générale de Banque) might escape a Belgian process of management and decision: They had to evolve independantly from the Paris grip, which should leave Suez as a mere institutional investor and even a sleeping partner.

Suez favoured such a patient stance because the rationalisation of the SGB group would stop pumping SGB's cash into its failing subsidiaries and their sale would provide it with fresh money to invest into the key energy and bank firms. But, obviously, such mere

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1990 when its holding company Tractebel merged the large three firms producing and delivering electricity to local municipalities, the "*sociétés exploitantes*": EBEC, INTERCOM and UNERG, which managed key grids all over Belgium..

[22] Local authorities controlled altogether Publigaz which pushed its part in Distrigaz to 16,6 per cent in 1996 and got a 50 per cent stake in Distrihold, which owned 16,6 per cent of Distrigaz, both moves providing them influence over a blocking minority of a third of the regulated firm, whilst Tractebel kept the other half of Distrihold and a majority of Distrigaz (16,6 per cent being sold on the market in 1996).

financial considerations hindered the emergence of a “euro-globalised” mode of management of the Suez-SGB group. French parts and Belgian parts of the “Suez empire” had to be managed separately, which meant a specialised allocation of financial resources without a centralisation of treasury and investment policies and without an integration of the upward circulation of executives, all the more because the selection of top executives in Belgium had to take of consideration the Belgian origins of several of them. Of course, Suez in Paris collected the dividends paid by SGB, but, because SGB did not own the whole equity of Tractebel-Électrabel, the thorough amount of cash was not managed directly, “immediately”, by the mother company. Similar ways of life and management could be perceived in numerous other groups all over Europe: Economic nationalism had to be taken into account within such groups working at the European level but not alongside Europeanised processes. Europeanisation of management has not been therefore completed, and the globalisation of organisations has not been yet reached.

3. Towards an international services group (from the 1990s)

The focus on services became a key strategy: Suez had to take profit from the jewels piled up at random in the group, either in Belgium (energy) or in France (water, facilities management, waste management): It had to give a sense and and more managerial efficiency to a group lacking homogeneity and cohesion.

A. From banking and finance to world-wide utilities

Random events helped accelerating the process towards an integrated group: Mismanagement by banking subsidiaries in France itself – because of the excessive leeway authorised to their managers – led to huge losses among then banking subsidiaries (La Hénin, Indosuez, etc.) when the property and real estate boom burst out in 1990-1993 beause they had concursed to excessive loan to building companies. Such a managerial failure provided the opportunity for the Suez’ banking strategy, which had been defined since the inception of the Compagnie financière de Suez at the end of the 1950s, to be reassessed, all the more because the new regulation constraints about risks management imposed more and more constraints on balance sheets: The amount of durable capital dedicated to banking activities had to become heavier and heavier through counterparts in the availabilities column. The dilemma was clear: either to purchase several banks all over Europe and to become a world-wide competitor, so as to favour mutual expenses in back office, or to give up the market. The first solution was intensely considered when Suez tried to set up the “TGF” concept (“*très grande financière*” or very big finance group) through a huge merger between Suez, BNP and UAP, which was on the verge to be achieved in mid-1995 but failed against the choice of the absorbing corporation and of the leadership within the new group; Another scheme was drawn which should have merged Suez, SGB and its Belgium competitor Groupe Bruxelles-Lambert (GBL); but in both cases, the difficulties to locate the very centre of power led to a deadlock.

This explains why, in July 1995, Suez chairman Gérard Worms was dismissed by the general assembly itself and the board, and replaced by Gérard Mestrallet, the executive officer who was then presiding over the reorganisation of SGB, and why the last solution – coming out of banking and finance – was followed. Conversely with Paribas[23], where the ’’banking culture’’ had taken shape since the 1870s and was extended through the

[23] Éric Bussière, *Paribas, l’Europe et le monde, 1872-1992*, Anvers, Fonds Mercator, 1992.

merger with BNP in 1999, and where a Europeanised banking culture had been built from the origins (through the merchant bankers creating Banque de Paris et des Pays-Bas, in Paris and in Amsterdam; then through a deep embeddedment on the Brussels, Geneva and London markets), such a culture had been reached only recently by the Suez group, only since 1966 (*Banque de Suez et de l'Union des mines*) and even 1974 (when *Banque de l'Indochine*[24] was purchased and merged with the latter into Indosuez[25], less Europeanised than Asian-oriented), and the services culture – transmitted by "the men of the canal"[26]. In fact, since the 1960s, the Suez group (like its competitor Paribas) had built a balanced portfolio, mixing banking and investments in industry and services companies, which was quite similar at SGB in Belgium: Such "*groupes financiers*" contributed to the circulation of capital when expansion and modernisation restructured deeply both capitalisms – as did IRI or IFIL in Italy or INI un Spain – in parallel with family business and institutional investors. This explains why the Suez board accepted the turnaround of the strategy and the departure from banking. The insurance subsidiary Victoire was sold to the British group CGU (now Aviva) in 1994; the banking entities Indosuez, Sofinco and Banque La Hénin were thus sold out; Indosuez joined the *Crédit agricole* group (Crédit agricole-Indosuez, today Calyon) in 1996. Even in Belgium, *Générale de Banque* was sold to an insurance group and integrated into Fortis[27] – then a key actor of banking in Benelux in competition with ING, KBC, and ABN-AMRO.

The key assets remaining within Suez' grip were in France those of Lyonnaise des eaux-GTM, in services, building and public works, then the sole services when GTM was sold to the building and public works Vinci group[28]. On the other hand, in Belgium, the group only disposed of the services activities kept by SGB, which had progressively sold out its whole portfolio of stakes in Belgian companies – thus losing its historical leverage mission at the core of Belgian capitalism. Such a strategic revolution reached its climax when Suez and *Lyonnaise des eaux* merged in 1997 into *Suez-Lyonnaise des eaux*, before the name *Suez* was fixed in 2000. The purpose was to rationalise the structures of a group where the puzzle still left is pieces adrift and also to spread the various activities world-wide. Water management (under the *Ondeo* brand and structure, *Lyonnaise des eaux* being kept only in France), waste management (through *Sita*), facilities management, that is activities "beyond the water meter", that is beyond the regulated services provided to customers, through the management of services within their facilities: management of local energy and of climatisation systems (through Elyo), electrical wiring and engineering (through Ineo), all markets which were developing rapidly through outsourcing contracts; and energy (production and delivery of gas and electricity) became the four basis of the refurbished group. The "French model of concession"[29] – that is the management by private firms of city public services – has been gaining ground worldwide from the 1980s alongside the process of "privatising" of such services in the name of economies of scale, of management skills

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[24] Marc Meuleau, *Des pionniers en Extrême-Orient. La Banque de l'Indochine, 1875-1975*, Paris, Fayard, 1990.
[25] Hubert Bonin, *Indosuez, l'autre grande banque d'affaires*, Paris, Économica, 1987.
[26] Hubert Bonin, *Suez. Du canal à la finance, 1858-1987*, Paris, Économica, 1987.
[27] On exchange Suez got a stake in Fortis, but it achieved its divestiture in the Spring 2005 by selling its shares on the market: Thus ceased the involvement of Suez into banking, which had started in 1959 through the little *Banque de Suez*.
[28] Dominique Barjot (*et alii*), *La trace des bâtisseurs. Histoire du groupe Vinci*, Rueil, Vinci, 2003.
[29] H. Bonin, « Le modèle français du capitalisme de l'eau dans la compétition européenne et mondiale depuis les années 1990 », *Sciences de la société*, n°64, *Société civile et marchandisation de l'eau. Expériences internationales*, February 2005, pages 55-74.

and because public authorities are more and more lacking funds to renovate the networks and face the requirements of urbanisation. French Suez and Veolia groups both became the champions of such a move all around the world and conceived a worldwide expansion. Without considering there the worlwide expansion of the company because of our focus on the sole European scope, the development of water and waste management activities throughout Europe did change the spatial dimension of the then rather Franco-French group.

B. European but local: Discretion and subtlety through the Europeanisation process

The process of Europeanisation followed various paths anyway. The "British model" set up by Margaret Thatcher intended to liberalise thoroughly the utilities sector, even at the price of a large foreign ownership; It opened doors to French companies (EDF in the London area, Suez in water companies, Veolia in water, waste and railways management, France Telecom in mobile phone). Lyonnaise des eaux became for example a key actor of the water market in the United Kingdom, when it purchased in 1988 Essex Water (1,4 million households) and East Anglia Water Company (233,000 households in Suffolk and Norfolk) – both united under Ondeo Services UK in 2003) –, because the trend towards privatisation opened doors to huge perspectives there, before buying Northumbrian Waters[30] in 1995.

Conversely, such a model of free standing openness hurt nationalistic stances in several countries: In Italy, the authorities and business circles resisted starkly to the breakthrough of French EDF and to its stake into Edison; trade unions opposed the purchase of an important stake into SNET (the energy subsidiary of the state collieries) by Spanish Endesa. The nationalistic stances which Suez met in Belgium were in fact commonplace in many countries, where the historical monopolies were subtly protected to reinforce their competititivy before leaving the competitors fighting for market shares or where capitalistic investors rushed to purchase utilities in order to protect them from foreign offensives – it was the case for example for Italian Telecom.

a. A Spanish partnership

Discretion was thus required to penetrate markets. This explains that, in Spain, the Suez group is absent because it is acting there through an ally, Agbar – the ex-*Aguas de Barcelona* (or *Société générale des eaux de Barcelone*). The contact had been established by Lyonnaise des eaux – when it was still independant from Suez – which had been a partner of *Société générale des eaux de Barcelone* up to the Franquist times and renewed this links in the 1980s: its stake progressed in *Société générale des eaux de Barcelone* little by little, with a stake in the mother company and in its subsidiary Agbar. But it felt that nationalistic stances would hinder its desire to reinforce its stronghold altogether in Spain and in the autonomous regions: "This growing influence of a foreigner in a group created by the Spanish banking establishment (Caixa, BBV, Banco central, Banco Santander, Banesto) was stirring concerns in the peninsula"[31]; it whereas Lyonnaise got 30 per cent of *Société générale des eaux de Barcelone*, BBV asserted itself as a counterforce and reached 14,5 per cent in April 1991. Such an attrition war was concluded by a gentlemen's agreement, the Spanish side preserving

[30] But a reshuffling of the assets portofolio enticed Suez to sell its stake between 2003 and 2005, whilst keeping only the management of the company.

[31] *Le Monde*, May 1991.

the Spanish outlook of the company, but reconginising the needs for a technical cooperation because of the leading portfolio of engineering skills of the French utility. *Lyonnaise des eaux* had therefore to find out partners to draw some kind of a cooperative block: the agreement was reached in May 1991. *Société générale des eaux de Barcelone* and Agbar merged, Lyonnaise got a third of its equity; but the Spanish side organised solely a process of reorganising the electricity sector without Lyonnaise and Agbar's hold[32]. This move was concluded in March 1992 when Lyonnaise des eaux brought its 32 per cent of Agbar to a new holding wich its formed with the local godfather of Agbar, *Caixa de Ahorros y de Pensiones de Barcelona*: the holding Calysa (51 per cent for *Lyonnaise des eaux* and 49 per cent for Caixa) controlled itself 37,5 per cent of Agbar, whilst Caixa (9,5 per cent) and a group of stakeholders from Viscaya (with *Banco Bilbao Viscaya*) held 23,6 per cent. Such a foothold allowed *Lyonnaise des eaux* to take part to the opening of the Spanish water market at a time when the 70 per cent still publicly owned were evolving towards a concession process and the private *modus operandi* – this opened market being already led by Agbar for 70 per cent. Such a joint venture paved also the way for a sharing of *Lyonnaise des eaux*' engineering and waste management skills with its partner and for a strategic development in Latin America. Such an alliance based thus on a significant part of the equity of its sister company has helped developing joint programs, in Spain or in Latin America[33] whereas no French (or Belgian) influence is visible for customers and for the opinion. A similar ''discreet'' approach has been folowed on the facilities management segment through Districlima, which is a subsidiary of Elyo (from Electrabel-Suez) and *Aguas de Barcelona* (and three other Spanish companies, Tersa, Idae, and Icaen).

b. German and Italian partnerships

A few other European countries required to follow a co-operative modus operandi in order to dissipate reluctance against the immixtion of a foreign company within local regulated services networks: To overcome the nationalistic reticences of local authorities, the "Europeanised" group has to become "local". A co-operation program was set up in Germany in 1991 where Lyonnaise des eaux established Eurawasser with the German corporation Thyssen (the steel group already active in some services sectors) in order to prospect the markets in the Eastern Länder; because Eurawasser appeared as a "German-born" entity (with Lyonnaise holding only 49% against 51% for Thyssen), its chances to get contracts by the new local authorities seemed far better (first in Rostock and Halle, as soon as 1991), which should allow the utility to bypass the *Stadtwerke* which controlled locally the water system in Western Germany.

In Italy, a similar path has been followed for the facilities management sector: Elyo Italia is a joint venture between Elyo and the Italian oil group *Erg Petroli*, and such an allliance helped conquering contracts[34], thanks to the relationship networks of Erg. A further step was assumed through a co-operation move with ACEA, the Italian leader in

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[32] Iberduero and Hidrola Espanola merged into Iberdrola, under the controlling influence of BBV (then BBVA). Beforehand, in 1989, a project of merging Agbar and Catalana de Gas had been severely rejected by the Spanish groups, fearing a threat from outside corporations over the energy sector.
[33] "Agbar is the the private sector market leader in Spain for water distribution. Agbar has developed a strong presence in Latin America, particularly in Argentina, Chile, Colombia, and Uruguay. Most Suez operations in Latin America are undertaken in partnership with Agbar", Suez 2004 report.
[34] For instance to manage facilities in the hospitals of Roma in 2004, after the contracts for the hospitals of Palerma and Verona, or 35 railway stations in South Italia. Elyo Italia won an important contract in 2004 to manage co-generation facilities at the Michelin plant in Cuneo, Piedmont. Elyo Italia is already rich with 700 employees.

water services, of which the Roma City is the major owner; Suez could prospect the Italian market because the deregulation of concessions had started in 1994. It had already established a very few bridgeheads in Tuscany as soon as 1989 (for a management contract) and ambitioned to transform Italy as a key target. This explains that an agreement was reached in 2002 with Acea to constitute an alliance towards the whole range of utilities services, trust being symbolised by the purchase by Suez of a little stake in its equity (to 8,6 per cent in 2005). One revealing move was thus the common bid in 2003 over a subsidiary of the half-public Enel, which had to divest of some of its assets: all at once, the alliance enlarged its scope from water to electricy through this Tirreno Power company, between the third and the fifth rank depending distribution or production.

c. A Belgian partner as a leverage on the French market

The same tactics has been followed in Belgium through SGB (which merged with Tractebel in 2003) and its subsidiary Électrabel. A far more subtle strategy aroused around Électrabel and linked French authorities and the Suez group: Because France had to open its market to European competitors to its utilities EDF and Gaz de France, the state favoured the sale of significant stakes in some public-owned companies to Suez. Francisation and Europeanisation were therefore achieved altogether, without losing French control to foreign companies, as the Belgian sister company of Suez played the “foreign” part in such transfers of equity. In 2004, Électrabel gained control thus on the SHEM, the electrical subsidiary of French railways SNCF (*Société hydroélectrique du Midi*, with plants in the Pyrénées and Massif central), and on *CNR Énergie*, a company set up to own and manage the hydroelectrical plants all along the Rhône, from the Alps to Mediterranean Sea – by transferring such assets from the *Compagnie nationale du Rhône*, which keeps the management of navigation and irrigation. A Belgium competitor has been crowned against EDF, but it is iself owned by a French group, which reinforces indirectly the French positions on the European energy market... Political sciences are key tools to understand how much sensitive is the policy of liberalisation of public services because are at stake relations with influential trade unions, the orders of equipment to national industrialists, the control of tariffs and fees on the use of networks, and the influence of local authorities.

As a third conclusion

Europe was a key focus within the re-development of the Suez group: Leaving away the strategy of setting up a banking groupe on a European level, Suez faced assets already well rooted in several European countries, especially Belgium and Spain; but the puzzle seemed full of geographical holes because the range of activities had to become available everywhere instead of historical sites through their spreading on every city or facilities markets. Besides liberalised Great Britain, the penetration on each market relied on a partnership or a sister company, in order to alleviate the ’’Suez’ French-look’’, all the more because the management of city services are linked with ‘‘public’’ services and involve ’’regulated services’’, both meaning direct contact with consumers-citizens, controlling networks (with security, public health and continuity at stake, especially for transport, industries, urban areas, etc.) and the opportunity of reaping perennial profits through the management of concessions. The Europeanised Suez group had to follow national paths to conquer contractual and commercial positions: It could not promote itself as a rationalised, unified, group only concerned with managerial requisites developed on a European level because it had to appear everywhere as a local and national company.

4. Towards a Europeanised organisation (since 1996)

The Suez strategy has thus been rationalised and refocused; non-core activities have been sold out (communication, etc.); the endebtment has been alleviated; harsh managerial decisions have been imposed by the new team set up since the ousting of chairman Gérard Worms and his replacement by Gérard Mestrallet in July 1995 – who had managed SGB for Suez's sake since 1991 (up to October 1996) and thus had acquired a good knowledge of Brussels' subtleties. In the meanwhile, Suez' representants in Brussels (Philippe Liotier, then Gérard Mestrallet, as "*administrateurs délégués*", under the chairmanship of Étienne Davignon) had successfully rationalised then sold the various subsidiaries of SGB in industry and transport, before even selling the jewels of the crown, *Générale de Banque*, to Fortis (in 1998). Its cash revenues helped develop the energy divisions in Europe (Germany) and abroad. Suez had thus presided over a thorough reshuffling of SGB's strategic basis.

The Suez group avoided in 1995-2001 the *hybris* which led its competitor Vivendi to over-investment in communication and almost to its collapse at the very beginning of the century – before the split between communication and services to environement (under Veolia). But the binational status remains unsolved: How could a French group be Belgian altogether? Such a question lied only on the utilities level because the re-focus of Suez on services against banking led to the sale of its stake (9,94% since 2001) in Fortis (caused by the purchase of *Générale de Banque* against shares of the buyer) in March 2003. Little by little, despite the necessity to respect nationalistic considerations, Suez had been patiently unifying the structures and the operations of the group. To focus on our topics, Europeanisation only, a few points will be scrutinised.

A. The Belgian influence over Suez equity

Diplomatic (and political sciences) devices are thus to be used, and Albert Frère has been once again convoked to help such a balance to be kept on. His influence was used to convince the Belgian business and politics world to leave Suez rationalise its group; but as a counterpart his own influence within Suez was to be reinforced as a stakeholder and as a member of the board. The "most Frenchied" Belgian (he owns grands crus in the Bordeaux region and several stakes on the Paris marketplace) became sort of an ambassador of Suez in Brussels to alleviate nationalistic fears against its intrusion. *Groupe Bruxelles-Lambert* became thus its first shareholder, with 7,2 per cent of Suez equity in 2002 and 2003 and 7,1 per cent in 2004, which provided it with 12,5 per cent of the voting rights in 2002 and 2003 and 12,3 per cent in 2004. Another Belgian firm, Sofina, held 1,2 per cent of the capital in 2004, with 1 per cent of voting rights.

The Belgian side was thus rich with 8,3 per cent of the shares and 13,3 per cent of the voting rights: A balance was somewhat preserved between expressed Belgian and French shareholders, to assert the binational way of life of the group. Being the leading stakeholder, Belgian stakeholders assumed the mission to exert influence on the board in order to preserve the economic and managerial interests of the Belgian economy. But was Albert Frère a mere "straw-man" to hide the French penetration into Belgium – as he did when he favoured the purchase of Petrofina by Total over Elf-Aquitaine although he chaired the Belgian oil company and could have blocked the process –, or did he exert enough influence on Suez to impose a crossborder and binational management? Within Dexia, the banking group set up by the amalgamation of *Crédit local de France* and *Crédit communal de Belgique*, the Belgian shareholders were more influent than the French ones and even blocked the merger with an Italian bank in 2005 in order to avoid diluting this very influence.

Table 1. The ownership over Suez equity				
	December 2002		December 2004	
	Share capital	Voting rights	Share capital	Voting rights
Groupe Bruxelles-Lambert	7,2 %	12,5	7,1	12,3
Sofina	1	0,9	1,2	1
Employee shareholders	4	4,5	4,2	5,1
Crédit agricole group	3,3	5,7	4,2	5,1
CDC group	3,2	3,8	3,1	3,7
CNP Assurances	1,6	1,4	1,6	1,5
Cogema	2,3	2,8	2,2	4
Caixa	1,5	1,4	1,5	1,4
Belgian interests	*8,2*	*13,4*	*8,3*	*13,3*
French financial partners	*10,4*	*13,7*	*12,6*	*15,7*
(with employees shareholding)	*14,4*	*18,2*	*16,8*	*20,8*

We cannot perceive that the influence of Albert Frère was so much decisive at Suez: His group was a partner in business, a levee to preserve Belgian interests against an over-dose of French economic imperialism, an influential pole at the board, but not a co-leading pole of management of the Suez group. Its very strength came from the fact that, on the French side, the stakeholding was dispatched between several institutional investors which had not durable motive to stay faithfull in case of a bid on Suez: Cogema was a state-owned nuclear industrialist which invests the availabilities piled up to face long-term dismantlement of its nuclear facilities; CDC and CNP managed the treasury piled up through the management of customers' savings; French *Crédit agricole* was holding a stake because of the partnership achieved when it purchased two banks of the Suez group; and the Barcelona savings bank Caixa was present because Suez sustains links with Agbar in Catalonya. Free-standing capitalism was playing its game as three-quarters of Suez equity were spread freely among the "floating" investors. In case of a bid or a crisis, the Belgian group could therefore have been posed as the leading force to structure a reaction; but the day to day management of Suez did not actually depend on a cross-border balance.

Albert Frère's partnership was thus the key to get access and to reinforce the Suez edge over the Belgium interests of the SGB group and subsidiaries. The strategy to transform the decentralised and feodal SGB group into an actual industrial and services group required the rationalisation of its structures and the dismantlement of independant (and even quoted on the stock exchange) divisions. One main move occurred on September 1996 through the purchase by SGB of the 24,5 per cent stake in Tractebel held by Albert Frère: SGB reached thus 65 per cent of Tractebel, the key holding of the energy and services, over which Suez had conquered some control since the success of its bid over SGB in 1989. The same year when Suez sold its banking division Indosuez, its progress into the services sector symbolised its strategic turnover. Étienne Davignon and A. Frère were then mobilised to alleviate fears among their Belgian business counterparts about such a purchase.

This explains that the very role played by A. Frère in the 2000-2005 years laid with his ability to exert a personal influence over the Suez board and to convince the "technostructure" of Suez – that is employed high managers – to require more drastic financial reshaping and more harsh reengineering within the group, because himself did prove that he knew how to tackle financial issues under the dire constraints of a patrimonial approached explained by a family business profile. The economic newspapers therefore traced A. Frère's pressure behind the managerial turnovers decided by G. Mestrallet: Sales of non-strategic assets, change of high managers, etc. "To many observers, the plan of rigor and the reorganisation of management express the wish of Albert Frère, the allmighty deal maker of Charleroi, who owns 7,2 per cent of the group. And, through himself, it is the Belgian faction of the group which regains control of this latter; the faction which, during the two last decades, favoured the stake of Suez into the first financial institution in Belgium and the main electricity group of the kingdom."[35] Such an influence could explain the resignation of the finance manager François Jaclot because the debt load, the fall of the equity value, and the provisions because of the Argentina collapse had led to a difficult financial situation, from which the board draw lessons in November 2002 and required drastic changes.

But the multiutilities concept was kept against some members of the board, some ex-Belgian managers of the group and some institutional investors, who claimed for a split-off between the environment sectors (water and waste management) and energy, because energy seemed more profitable on short term issues in face of the long-term and middle-range revenues of water and waste management. Such a strategic compromise between the Belgian (supported by North-American key partners) and French interests was possible because the chairman succeeded in preserving a balance between Belgian and French managers and altogether a binational way of life within the group.

B. What about a binational managerial location?

The reality of a binational structure has also to be gauged through the operational organisation. Did Paris bypassed Brussels as the head of the group? Indeniably, the Suez headquarters gathered the core centre of decision: Even if a new building symbolised the renewal of Suez – transferred from its historical venues *rue d'Astorg*, inherited from the Suez canal company, to the near *rue de la Ville L'Évêque* location –, the chairman and CEO's office is in Paris, the ultimate teams defined the strategic choices from Paris. For a while, several quotations processes were preservec: Électrabel remained floated on the Brussels stock exchange – whilst Suez enlarged its floatation from Paris to New York.

But, in the Summer 2005, Suez announced its bid over the Électrabel shares it did not owned yet (49,9 per cent)[36]: The process of unifying the capitalistic structures of the group became irresistible. There was anyway some kind of a fiction to presume that the Suez group will stay bi-headed: The bid over Électrabel (11,2 billion euros) put an end to such a myth; an organisation has to be unified, and Suez replaced Électrabel as a quoted company on the Brussels stock exchange. Such a "francisation" of the big Belgian utility sparked a political outcry in Belgium and stir discontent among recalcitrant shareholders. But the local authorities involved in the day to day life of Électrabel – these 17 intercommunal entities owned 4,65 per cent of Électrabel – did

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[35] Gilles Fontaine, « Mestrallet PDG en liberté surveillée », *L'Expansion*, avril 2003, page 156.
[36] The purchase operation took place between 10 October and 7 November 2005.

follow the move towards integration; everyone is well conscious that the energy war which had started all over Europe required strong competitors, and the merger between Électrabel and Suez will favour lower energy prices in Belgium and thus feed its competitivity. Rationalisation and integration were considered urgent indeed, which seemed to weaken the binational strategy.

a. A binational posting of activities: The reality of a binational head?

The binational profile of Suez did lie with a bi-national productive structure because France and Belgium still represent the main markets for the group, ahead of other European and worldwide outlets: The turnover coming from both countries reached more than a half of the turnover.

Table 2: The geographical bases of Suez			
	Suez turnover in 2004		Workforce
	(million euros)	per cent	
France	9,461	23,2	
Belgium	12,921	31,7	
Other European countries[37]	10,039	24,7	
Europe	32,420	79,6	128,241
Otherwhere	8,319		
North America	3,884	9,5	
South America	1,955	4,8	
Asia-Pacific and the Middle East	1,903	4,7	
Africa	577	1,4	
Total	40,739		160,081

Moreover the bi-national style of management has to be gauged within the process of structuring a "globalised" group, that is an organisation which is managed alongside "activities" (or "*lignes de métiers*"), where sectors are supervised with a transcontinental or even a worldwide scope. Such a move has already been achieved on the "productive" levels, within each sector of globalised groups. Suez is now structured around four main "globalised activities": Suez Energy Europe, Suez Energy International, Suez Energy Services (facilities management, engineering, etc.), Suez Environment (waste and water management).

Financial pretenders – through little financial funds – questioned the dual activity of the group, preaching for the sale of the environment activities – less profitable than energy on short-term durations. But that would have focused the group on energy and Belgium, and deprived it from the long-term and steady revenues fed by water concessions; over-focus could destabilise a group, which has to keep a balance between becoming a conglomerate and developing a few efficient activities. The board choose to stay with it strategic portfolio, in the name of "synergies" between its activities, which

[37] "*In Italy, the group is based in Tuscany, namely in Pisa, alongside ACEA, and in Arezzo. In Germany, the group, which was already present specifically at Rostock, won in January 2004 bid for the partial acquisition of the Cottbus water management company* [...]. *Suez Environment has been active for many years in some of the ten new member countries of the European Union: The group provides drinking water and water treatment services to several regions of the Czech Republic, where it has been present since 1993, as well as drinking water services in Budapest, Hungary (in partnership with RWE). It has also been established in two other Hungarian cities since 1994, and in Trencin, Slovakia, since 1999. It has a contact to build and operate the water treatment plant in Maribor, Slovenia*", Suez 2004 report, page 70.

led to the key binational argument. To become a strong competitor on the French energy market, Belgian Électrabel needs the support of French Lyonnaise des eaux and Sita, and altogether they have to join forces to prospect the market for facilities management. Complementarities and convergence are key leverage for growth, because the capital of relationship among local authorities and big companies has to be mobilised for the sake of common causes. And that is also the case elsewhere in Europe where a unified front of the sectors and subsidiaries is necessary to penetrate markets, for instance in central and eastern Europe – and that is of course the case worldwide.

In parallel with such a faithful dedication to the strategy of multiutilities, specialisation has been the key managerial strategy in order to elaborate a binational group. Because Électrabel's strengthes relied mainly on its energy sectors, gas and electricity, it had become the functional heart for these activities worldwide, first in Europe and worldwide[38] (because it purchased Tractebels' assets outside France and Belgium in 2001), then in France itself because it got the managing control of companies acquired by the Suez group (SHEM, *CNR Énergie*) and the responsibility of establishing bridgeheads there for the energy distribution to "eligible customers" and for energy trading). As an apparent result, Belgium was thus to keep core responsabilities and was not deprived of its heritage of skills: "*Suez Energy International is organized into four regional entities coordinated by a central organization located in Brussels*."[39]

The reinforcement of the Brussels centre was confirmed in March 1999 when Suez chose to transfer there from 2000 the supervision of the facilities management activities, those already managed from Belgium (inherited from Fabricom, etc. and developed elsewhere in Europe through purchasing companies in Switzerland, the Netherlands, etc.) and those set up from Paris (Élyo). The complementarity between providing energy to a plant or a services building, on one side, and managing power, networks of heat, refrigeration, air-conditioning and small cogeneration units, beyond this mere delivery became obvious, all the more because one activity could (or was supposed/intended to) help introducing the other one to the customers. The upsurge of outsourcing of public and private facilities management all over Europe paved the way for larger market shares, to be managed thus from Brussels.

Brussels appeared therefore as the centre for this growing competitor to EDF, EON, RWE, ENEL, Endesa, Gas Natural, Vatenfall, or even Gazprom, the national champions which are similarly rushing to become European champions on liberalised (between 2004-2007) energy markets. Suez played the Belgian card to alleviate its Frenchy profile, and thus re-uses a tradition already developed by German business in the first half of the 20th century when it used Belgium as a "neutral" platform to develop its activities on a European level. Such a binational and complementary scheme explains why, at the present moment, the Belgium centre did keep its stay in Suez life.

Électrabel was endowed with its own strategy of development on the energy fields; it had set up subsidiaries in several European countries (Acea Electrabel in Italy, Electrabel Deutschland, Electrabel Nederland, etc.) and worldwide: The decisions for investing abroad and for managing the technical achievements of these investments were managed from its Brussels headquarters – even if the name Électrabel was losing ground in face of that of Suez Energy International, but still resisting (Electrabel North

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[38] In 2001, Electrabel inherited from Tractebel important assets in the US, as it was there the first importer of liquefied natural gas and exploited 47 power stations.
[39] Suez 2004 report, page 44.

America, Electrabel Thailand, etc.), all the more because Belgium[40] represented only 25 per cent of the energy production capacity (53,000 MW) in 2004, versus 31 per cent elsewhere in Europe, and 31 per cent in North and South America. Brussels was also the location of a large part of the facilities management division, with its Belgian entity Fabricom, its foreign subsidiaries (around Axima), and a supervision power on the French branch Élyo.

In parallel, Paris was keeping the headquarters of "environment" activities (water and waste management), but they were located in another building than the Suez's one itself, as a beacon of the desire to separate the management of the group and that of the entities. The heritage of skills in the management of services and of legal skills to develop concessions, delegations of public services, private-public partnerships constituted the core business of the Paris centre.

b. What about the financing of a binational crossborder corporation?

Because of such constraints, the argument gets still hotter: How can a Europeanised group appear as a European corporation and escape a pure national look? How to preserve the binational approach of Suez as an heritage of the purchase of SGB in 1988? The worldwide developments of energy and facilities management were grouped for example under the banner of *Suez Énergie International* in 2005, which means that the Suez name is prevailing over that of Électrabel.

The key issue is the management of cash flows within the group. Centralisation and intense compulsory co-operation were more and more prevailing, but the principles od decentralisation seemed to be respected: Thus, the mother company Suez was helped by a joint-venture, the GIE Suez Alliance, linking Suez and Tractebel, for the issuing of bonds and negotiating bank lending facilities for the group, whilst a few special-purpose financial vehicles were used on the group leve (for treasury notes, US commercial paper, etc.) and some subsidiaries manage part of the financial chores (bank lending facilities, project financing). The official documents cannot provide sufficient elements to foster a structured analysis on these financial matters. But "structurally, the parent company and the financial vehicles act as lenders vis-à-vis the group's energy and environment divisions"[41]; and "GIE Suez Alliance, created in November 2001, is the group's preferred financing vehicle in the banking and bond markets"[42]. To be frank, it is impossible for an historian to check whether the "complaints of minority shareholders are disadvantaged by Suez's propensity to use Électrabel as a cheap lending bank to fund its expansion plans"[43].

D. Still a Belgian influence over Suez? How to set up a binational management?

[40] In Belgium, Électrabel is the leader in electricity, in association with local authorities, and controls numerous companies distributing electricity, and also the grid, the independant transmission network operator, Élia, 31,2 per cent owned in 2004. The Distrigas subsidiary (57,24 per cent owned) is the leading firm on its field and is propped up by the gas network, itself split-up, Fluxys (57,25 per cent owned).

[41] Suez 2004 report, page 116.

[42] It gathers in 2004 Suez, Suez Finance, Suez Tractebel, Elyo, Ondeo, Lyonnaise des eaux France, Suez Environment, and Sita France.

[43] *The Financial Times*, September 2005, page 17.

The question lies once more with the respect of Belgian influence within the Suez group. Will thus the Belgian aspects of the Suez group be condemned to disappear – even if Brussels does keep the location of the management centre of energy within the group? Did the Paris Suez headquarters respected any proportion of Belgian head executives within the group? Did they first respect a Belgian management over Électrabel in Belgium itself? Did they promote Belgian executives within the energy sector on European and worldwide levels? And even did they promote Belgian executives at the very head of the Suez group, that is in Paris? These points tend to gauge the reality of the "Europeanisation" of the management of a corporation, the "density" of foreign executives on high ranking levels.

The key question lies precisely about the invisible ceiling through which upward executives get access to top globalised management. One one side, a strong French tradition has been sustaining the career of executives issued of "*grandes écoles*" (École polytechnique, École des mines de Paris, École centrale de Paris, and various engineering schools) because of the technical aspects of the activities of the Suez group, which required a mix of engineering, finance and management; such a course explains how G. Mestrallet reached the chairmanship. Conversely another tradition of promoting engineers coming from middle-range schools has been preserved along the sectors of the group: Jean-Louis Chaussade, for example, is a "mere" engineer from a public works school and has been elected as head of Suez Environnement in 2004 (even if he added the Sciences Po Paris diploma to his academic luggage). Such a profile is more in line with the predominant engineering culture which had prevailed in the Tractebel-Électrabel group from the 1880s, and one has to gauge whether such a trend is still adequate.

Another question lies with the Belgian basis of the management, in link with the 'embeddedness' of the SGB-Tractebel-Électrabel group with the Belgian (or Brussels) business circles. Skillfully Suez succeeded in preserving such a Belgian profile for its sister company through the recruitment of Philippe Bodson. This engineer had piled up a larger range of international diplomas (MBA, INSEAD) and experience (Canada, US, France, Germany) and ended as the CEO of the glass firm Glaverbel in Belgium (1981-1989); he emerged as a symbol of a new generation of Belgian businessmen, opened to modern management and internationalisation, which explains that he became the chairman of the Belgian businessmen's organisation (*Fédération des entreprises belges*) between 1987 and 1990. He was called to chairmanship (as the president of the executive committee and as "*administrateur délégué*") of Tractebel in 1989, the holding company through which SGB controlled its stakes in the energy sector, and Suez kept him at this job in the name of efficiency and of the respect of Belgian influence within the group newly constituted between Paris and Brussels. He intensified the policy of rationalising and focusing Tractebel around its core energy activities, and moreover he started a successful project to internationalise them; finally, Tractebel ended providing 52 per cent of the assets of SGB in 1998 instead of 20 per cent in 1987. P. Bodson's position within the group and on the Belgian business level forged his strong influence within the SGB group, where he was a member of several boards, even at the top SGB (executive committee, board).

Distrust grew more and more evident in Belgium towards the French "invaders" because, despite the prudent stance of the Paris direction, the French influence over the Brussels direction seemed more and more decisive. The façade of a shared responsibility was preserved because Suez kept existing the holding SGB, with a dual head, Étienne Davignon, a member of the Belgian establishment, as the chairman, and

French Christine Morin-Postel as the "*administrateur délégué*". But this SGB was no longer a key leverage of power because the energy activity became the core of Belgian activities and decisions, around the sister company Tractebel (overseeing Électrabel and Distrigas). What was at stake was the actual control over Tractebel and the rationalisation of power: A real Europeanised group had to be set up under French control, which ought to replace the be-headed and dual group. P. Bodson well understood such a strategy and tried to stifle its achievement: he mobilised Belgian business and political circles of influence, called for opinion through the medias, to convince them that he could not imagine that Suez would locate the management of its energy division in Belgium and that such a binational project was a tricky device to impose the French rule.

But he was defeated because of the clear-cut expression by Suez of its binational project and of the support of his Belgian allies (A. Frère and É. Davignon, especially). Suez could thus impose the departure of Philippe Bodson, the chairman of Tractebel, on 19 March 1999, which shocked the opinion of some Belgian business elites because he was one of their members and because he represented an influential capacity of networking within the Belgian circles of power[44]. His ousting was followed by the resignation of the head of the international subsidiary of Tractebel, EGI, Daniel Deroux. Some trouble aroused among Brussels teams about such a trend towards the annexation of Tractebel by Suez: "Belgian engineers who had been the basis of the group's strength consider with horror the promotion of *énarques, polytechniciens*, who think of themselves to know of evrything and seem to despise them."[45] And Suez-SGB ended purchasing the whole equity of Tractebel, before this latter absorbed the prestigious SGB[46] on 31 October 2003. Up to the start of 2003, under G. Mestrallet, French managers were predominant at the Paris headquarters, some of them as part of the human heritage of the company: Patrick Chambolle (innovation), Philippe Brongniart (services) had lived the evolution of *Lyonnaise des eaux*; C. Morin-Postel (head of human resources since September 2000) had been the leverage force of the internationalisation of the Suez-Lyonnaise des eaux group, before reaching her top job: All three retired in 2003.

- *French high managers in 2004-2005:*
- Gérard Mestrallet, chairman and co-CEO
- Jérôme Tolot, corporate, and energy industrial services (as a deputy of J.-P. Hansen)
- Jacques Pétry, environment activities and local services (water and waste management, under a sole banner *Suez Environnement* since July 2002) – replaced on March 2004 by Jean-Louis Chaussade (also CEO of Ondeo)
- Christian Maurin, environment activities and facilities management
- Yves-Thibault de Silguy, international development
- Patrick Buffet, strategy and development
- Valérie Bernis, public relations

Patrick Ouart, general secretary

- *Belgian high managers :*
- Jean-Pierre Hansen, co-CEO AND COO ("administrateur-délégué")
- Gérard Lamarche (from Louvain university), finance (deputy co-CEO; promoted as co-CEO on March 2004)

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[44] P. Bodson used his position to join the Liberal party and to be elected as a senator in June 1999. To precise our approach to P. Bodson's career, we used: Ginette Kurgan Van Hentenryk, "Philippe Bodson", in Ginette Kurgan & E. Buyst (eds.), *Cent patrons du xx^e^ siècle en Belgique*, Brussels, Alain Renier, 1999, pages 22-25.

[45] « *Énarques, polytechniciens » :* who are graduate of French *École nationale d'administration* and *École polytechnique*, which train high civil servants and engineers. A witness, quoted by Martine Orange & Luc Rosenzweig, *Les Échos*, March 1999.

[46] Pierre Loppe, « L'histoire s'arrête pour la Société générale de Belgique », *La Libre Belgique*, 24 April 2003.

-	Emmanuel van Innis, human resources
-	Dirk Beeuwsaert, electricity and gas (international)
-	Willy Bosmans, electricity and gas (Europe)

Conversely, Belgian management ability was much recognised by Suez, when P. Bodson was replaced in March 1999 by a Belgian engineer trained at the Électrabel division, Jean-Pierre Hansen: He became the (non executive) chairman of Tractebel, but especially as chief operations officer at Suez itself, that is the co-number 2 of Suez, with F. Jaclot, a French manager overseeing finances; and F. Jaclot himself was replaced in February 2003 by a Belgian manager, Gérard Lamarche. The process towards some kind of a balance between French and Belgian capacities was thus started and even possibly reached. But no revenge from the Belgian side took shape indeed despite the grumbling postures of a few Belgian ex-managers (like P. Bodson, ex-head of Tractebel) who resented against the dilution of Belgian influence within the group. In fact, since February 2003, an actual unification of the Suez management was achieved, because the dualist structure of the direction disappeared: the Paris headquarters gathered the whole executive team, either Belgian and French, alongside a sole “bi-cultural head”. “From a mere holding company, Suez is evolving toward an industrial group.”[47] A clue could have been the transfer of J.-P. Hansen to Paris in 1999 as a vice-president of Suez but more importantly as one of the seven members of the executive committee of the group and one of the three members of the general direction (with G. Mestrallet and, since March 2004, Gérard Lamarche); he appeared as a key executive officer, since, besides G. Mestrallet, the five other members left the group between 1999 and 2004 and since he came back to Brussels in September 2004 as the CEO AND COO of Électrabel – with G. Mestrallet as the chairman in place of Willy Bosman, in charge since 1999. Some balance between French and Belgian skills and responsibilities was thus preserved throughout the unperceivable power struggles and personal trust networks as does exist in every corporation.

As a fourth conclusion: Toward a “European society”?

In 2005, Suez appeared as a European-minded company, not only because it sold recently assets in water companies in the US and Latin American, but because its European turnover was still predominating, with 79,6 per cent. But its binational structure was also still pervasing, as France provided 23,2 percent of the global turnover and Belgium 31,7 per cent. A subtler approach could gauge the worldwide turnover managed from Brussels as Électrabel has the responsibility of energy and facilities management activities on a world level. Anyway, behind mere figures laid the actual poles of power and the mode of governance of the Suez group. Such considerations might seem somewhat “petty” because the management of a transnational firm is supposed to avoid such consideration about national origins in favour of an internationalised melting pot of managariel talents. Since the 1980s the very environment of a company active in Europe had depended heavily upon the European regulation and “directives”, and upon their transcription into national law. This could ease its day to day development, but in fact it had to face the differences of its statutes in each country where local rules and practices still predominated; this favoured a skillfull attitude to ”look local” thanks to the preservation of local-looking subsidiaries and to the recruitment of managers rooted within national and local circles of influence. This put brakes indoubtedly on the process of moulding a thoroughfully integrated Europeanised management.

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[47] Martine Orange, *Les Échos*, 1st August, 2003.

General conclusion

Our conclusion might seem uncertain, because such a case study is more committed to ''immediate company history'' than to ''deep business history'': We do lack the use of archives, of middle-term comparative analysis, etc. as we rely on press books, on Suez printed or websited documents and on testimonies. Assuming these limits, we can draw some conclusion lines. The utilities Suez group is no longer in fact a ''French group'' because it is no more focused on the sole management of long-term concessions of French water networks established alongside cartellised market shares; from the 1980s it has reached a worldwide dimension because it conquered positions in Asia and North America, whereas steeping back somehow from Latin America. But this internationalised profile has been acquired especially on a European level, owing to the duplication of each ''activity line'' in West-European countries, in particular Great Britain, Spain, Italy and Belgium, before growing eastwards from the 1990s. To focus on Europe, Suez became thus a ''European group'' but our key issue is to determine how it succeeded to balance its French roots, culture and management with the requirements of a Europeanised day to day management. We can conclude that the ''European culture'' or ''spirit'' does not still exist at the beginning of the 21st century for the public services activities because nationalistic postures are prevailing: Local authorities (and the '''citizen-costumers'') are sticking to fears about privatizing such services (water management, waste management, railway or bus transportation, energy production and delivery[48]), about excessive fees on bills (because of an ''all-profits logics'').

Moreover, such services are rich with political effects because their management and the life of local authorities and majorities are intimately intertwined not because of corruption practices – even if it occurred here and there – but because of often lack of transparency in the negotiation of contracts when local authorities refuse to admit publicly that they wish to delegate the investments charges to private companies (because of budgetary constraints) or to put a brake on the costly social advantages of public workforce in favour of introducing more and more outsourcing (because of excessive social charges for local budgets). One key issue lies with the slow process of unbundling ''regulated'' services (the management of energy[49] or water networks, for instance, and what is called ''universal service'', that is the access of everybody to a minimum public service) and free-market services, because national or local authorities lagged in acquiring the skills to exert the deep controls required. This explains that the principle of using ''sister companies'' has been predominant through alliances with local investors and with local services companies, like Agbar (in Spain), Electrabel (in Belgium), Acea and Eerg (in Italy); some ''discreet forms of expansion'' have been therefore favoured to alleviate the '''Frenchy aspect'' of such a penetration move. ''Local trade-marks'' therefore might seem relevant – and such a choice follows somewhat the way used by corporations specialised in consuming goods (Unilever, Nestlé, etc.) which had often preserved local brands to respect local habits.

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[48] And transportation, but Suez does not tackle public transportation, conversely with its competitor Veolia, through Veolia Transport-Connex.

[49] For example, Distrigaz controlled Fluxys, the gas network, and Électrabel controlled Elia, the electricy network, both network companies having been split-up and thus ''sorted out'' from consolidated integration from management and balance-sheet of both mother companies.

Was it another case of absorption of a Belgian company by a French one? Total purchased Petrofina and Usinor merged with the Benelux Arbed (and Spanish Aceralia) into Arcelor, before *Gaz de France* and British Centrica purchased a Belgian gas firm in 2005. This leads to considerations about the impossibility to set up binational corporations alongside the Unilever and Royal Dutch Shell models. The crisis within EADS in 2004-2005 (with the French part demanding a unified chairmanship in place of a binational one) or even the recent unifying of Royal Dutch Shell structures were signs of such an argument: Do crossborder firms be a durable concept? Or are they a mere fairy tale among a Darwinian and nationalistic business world? The issue of a ''Europeanised management'' is still pervasing about the French-Belgian structure of the group since the purchase of *Société générale de Belgique* in 1988. The success of such a managerial strategy was found in the strengh of the breeding ground of engineers and managers in both countries as Belgium and France share the same profile in producing managers miwing engineering and management abilities[50]; the Paris and Brussels teams could thus share quite the same ''enterprise culture''joining managerial figures and technological moves. This explains that Belgium could deliver several high level executives who where admitted in cross-border responsibilities. A real ''Europeanised'' corporation thus emerged, which explains the opinion of the Belgian minister of Economy about "a European company with a French anf Belgian anchor"[51]. Its limits were obvious: First, such a balance ought forever to be preserved from divisions and internal struggles, and it was not an easy way; the Unilever and Shell ''model'' (both companies living on a dual-management between London and Amsterdam for decades) is not easily transferrable, even if it ought to be studied as a way to pave the way to actual Europeanisation. Second, the French way of management, based on domination (and arrogance?) thanks to the ''one best way'' style of direction learnt in public affairs schools, did impose a trend towards the enlargement of French influence within Suez, all the more because the headquarters are in Paris. Third, French ''economic patriotism'' defined from the 1940s-1950s, exacerbated by gaullism (1958-1969) and pompidolism (alongside the name of Prime Minister and President Pompidou between 1962 and 1974) and stimulated by leftist nationalisations in 1982 is still firmly predominant among French political circles, trade unions and public opinion. Despite the fact that Suez did succeed in rejuvenating the ''Unilever and Shell model'', it had also to take into account the fact that French leading opinions were considering Suez as a true French group having to promote national interests versus European considerations. The laws of patriotic or political gravity still had to be respected, and the recent events – with the merger between Suez and Gaz de France – are confirming our statement: Threatened to become a three-country group through a bid by Italian Enel on the French-Belgian group, Suez has joined Gaz de France to constitute a still more Frenchy group, preserved by a 34 per cent stake by the state – the same stake owned by the Italian state in Enel indeed... – against the dilution of the French influence and management into an uncertain European melting-pot.

Without considering there the historical background of the Europeanisation of companies, our analysis focus on the very recent issue of ''Europeanised corporations'', that is ''business models'' based on a bi-national or multi-national management

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[50] Gareth Dyas and Heinz Tanheiser, *The Emerging European Enterpise: Strategy and Structure in French and German Industry*, London, MacMillan, 1974. Richard Whittington and Michael Mayer, *The European Corporation. Strategy, Structure, and Social Sciences*, Oxford, Oxford University Press, 2000. Fabrizio Barca and Marco Becht (eds.), *The Control of Corporate Europe*, Oxford, Oxford University Press, 2001. Roland Perez, "La diversité des modèles de gouvernance des entreprises en Europe : situation, évolution et perspectivees", *L'option de Confrontations Europe*, n°19, January 2004.
[51] Declaration published in *Le Monde*, 11 August 2004.

architecture, alongside the old Unilever and Shell model. The new rules about the ''European society'' – provided by the UE directive of October 2001 and transcribed into French law in July 2005 – have enlarged the possibility of conceiving such a structure. But facts still prevail and we must admit that a very few companies are organised alongside bi-national management: the bank Dexia (joing French and Belgian interests since 1996) and the cement company Italcimenti with its sister company *Ciments français* (in charge with worldwide expansion in emerging countries) are exceptional cases – with also perhaps the insurance company AGF, still in charge within the Allianz group of a large wordlwide area and keeping its own floated equity. Suez has been therefore a are experience, quite a business school case-study, for a Europeanisation management model.