

French nuclear sector re-thinks strategy after UAE setback



By Christian Charcossey

PARIS, Dec 29, 2009 (AFP) - The French nuclear power sector is to re-focus its strategy, notably in Britain and the United States, after losing out to a South Korean consortium on a 20.4-billion-dollar project in the United Arab Emirates.

"The French team spent too much time getting itself together," Claude Gerant, the French presidential secretary general, told the newspaper Les Echos.

The French group Areva, the world's largest producer of nuclear power, had joined forces with French energy heavyweights EDF, GDF-Suez, Total and Vinci to bid for a huge contract -- worth 14.11 billion euros -- to build four nuclear power plants in the United Arab Emirates.

The contract was awarded Sunday to the Korea Electric Power Corporation (KEPCO).

"The French sector is poorly coordinated and the problem needs to be addressed by the majority shareholder in Areva and EDF, that is, the state, through the voice of the government and if necessary the president of the republic," said Francois-Michel Gonnot, vice chairman of the energy studies group in the National Assembly and a member of the ruling UMP party.

President Nicolas Sarkozy early this month charged former EDF head Francois Roussely with the task of carrying out "an in-depth study" of the French civilian nuclear power industry.

The study, to be completed by June, is to assess prospects for nuclear power between now and 2030 and "to develop concrete proposals," according to the terms of Roussely's mission.

Benoit Hamon, spokesman for the opposition Socialist Party, took a swipe at Sarkozy on Tuesday, saying the failure of the UAE bid shows that the president "works no miracles."

He maintained that re-assessing the competitive future of the French energy sector must be undertaken "without thinking that relying on Nicolas Sarkozy is going to systematically win us contracts."

"As long as we have a euro that is overvalued on the markets we are going to have competition problems -- that's the key lesson in this episode," Hamon said. The strength of the euro relative to the dollar and other currencies tends to make eurozone exports more expensive and less competitive.

French industry is under pressure as the market for nuclear power is expanding rapidly in the face of rising demand for electricity.

Three European Pressurized Reactors (EPRs) developed by Areva are under construction -- one in Finland, two in China and one in France. Construction of second EPR in France is planned.

After the setback in the United Arab Emirates, the French sector is looking to Britain, where EDF, which last year acquired British nuclear power company British Energy, is to build four reactors.

The market in the United States is also of interest to France. EDF -- Electricite de France -- has just taken a 49.9 percent stake in US group Constellation Energy and will build four of the eight new reactors planned by US authorities.

Areva meanwhile is this week expecting a letter of intent from the Fresno industrial consortium enabling the French group to present a bid for another EPR in the United States, sources close to the matter said.

The facility would supply electricity to a marine desalination plant in California.

In addition Areva has its sights on India, where it put forward an offer in July to build two reactors. The contracts are expected to be signed next year.

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