



Paris, September 20, 2005

PARIS EUROPLACE FINANCIAL FORUM

New York, Monday, September 26, 2005

**NEW TRENDS IN THE PARIS FINANCIAL MARKET:
INVEST IN EURO ASSETS**

Welcome Speech

**Gérard Mestrallet,
Chairman, Paris Europlace**

Ladies and gentlemen,

First of all, on behalf of the Paris financial market, I wish to express our total solidarity with the American people at a time when you are commemorating the victims of September 11 attacks and when large numbers of your compatriots continue to suffer from hurricane Katrina. We, in France, realize the seriousness of the distress you have been through. We also know the extraordinary capacity of the American people to deal with such situations and to spring back in a positive way.

Now, I would like to welcome you to this new edition of our Paris Europlace Financial Forum in New York! As you know, we attach great importance to this annual gathering which, in my mind, has enabled us over the years to establish strong links in the United States. I am delighted to recognize many familiar faces in the audience and am looking forward to a most productive day.

As you know, we will have the honor at lunch time to welcome Mr. Thierry Breton, the French Minister of the Economy, Finance and Industry.

This year, we chose as the forum theme, "New trends in the Paris financial market and the euro assets" to present new developments in the European markets and how Paris can be your best access point.

Let me first begin with a word about the context in which we work after the negative results of the European constitution referendum in France and the Netherlands. We were of course upset by the European constitution's no-vote by large portions of our people.

Nevertheless, it seems that even the difficulties we are now experiencing, in France and in Europe, are precisely what are prompting the very structural reforms we need.

The first steps in this direction have been taken also in France with the start of a program of gradual income tax reductions, the adoption of tax measures in favor of foreign impatriates and a restructuring of the 35-hour work week.

New and very significant initiatives, have been announced by the French Prime Minister last week, such as the passage of an income tax ceiling, corporate tax reform, adoption of new measures in favor of innovation and research, and the creation of competitiveness centers. My perception is that structural reforms are now underway in France.

There is another essential element which leads us to see things with a degree of optimism. I don't believe that the referendum results in France should be interpreted as a no-vote to the European Union.

Nevertheless, we must recognize the wide gap that has developed between decisions taken in Brussels and the currents of public opinion. And there are certainly problems that need to be resolved to reduce this gap and better explain European perspectives. The recent measures announced by the President of the European Commission, Mr. José Barroso, are certainly a step in the right direction.

This is why the Paris market is confident today. What is essential is the European dynamic and its objectives, such as those set in Lisbon to develop a European model of growth to compete under the best conditions, in the international arena.

More specifically in the financial domain, we should emphasize the tremendous advantage represented by the euro. The euro enables us to traverse zones of turbulence, and limit their impact on our economies. This is a structural advantage.

In addition, a number of strides are being taken for the integration of the European financial markets, and the Paris financial market is devoting much energy to that end.

With the completion of the Financial Services Action Plan (FSAP), the standardization of market rules is now far advanced, as well as the rules concerning information governing securities issuers. The European Commission has just carried out a broad-scale survey of all market players in Europe and is preparing a “White Paper” on financial services policy over the 2005-2010 horizon, to be published in November.

Integration of the European financial markets is the necessary condition for growth of the European economy. This integration certainly requires, first of all, a consolidation of the European stock markets. But it requires as well continued improvement in regulation. Our system of cooperation between market regulatory authorities, which has taken the form of *the Committee of European Securities Regulators (CESR)*, is functioning well, but it has to go further to meet the needs of the players who carry on their cross-border base activities.

Let's now get to the "new trends" which are the theme of our forum.

First, I would like to emphasize the strong dynamism of French corporates. This will be the theme of our 2nd session. In the last 5 years, in-depth financial and industrial restructurings have been implemented in some specific cases and altogether French groups are today major players on the international scene. This demonstrates the ability of French companies to spring back, the solid technical capacity of the Paris market, and

the possibility of attracting capital there. Moreover, French Groups are expanding overseas : as the author of an ongoing success story, my special thanks go to Patrick Ricard who will share with you today the main steps taken in the Pernod Ricard acquisition of Allied Domecq.

I would also like to stress the developments of the privatization program: since 1990, France realized nearly 12 % of the whole of the programs of privatizations issued in the world. The French state holds more than 50 % in French companies, such as EDF, GDF, Areva, Sanef which will offer good investment opportunities for the months to come.

Second, as regard fixed-income markets, the negotiable debt of the French State represents nearly 870 Billion euros. The agency France Trésor announced last February the launch of a 50 year bond. The creation of this new instrument marks the birth of new a liquid segment and constitutes a new stage of the development of the fixed income market in euro. The success of this operation confirms the attraction that exerts the French Treasury signature upon the investors.

The asset management industry is another main driver of the Paris financial market. New developments in alternative management and private equity are attracting a growing number of investors and international players.

France now ranks second in Europe for venture capital and we have organized for the 2nd time here in New York a specific session to introduce young growing companies in High tech and Life science sectors to VC investors. Next October in Paris, we

will support the organization of the 1st International Forum on European private equity in partnership with the World pension forum, which gathers the representatives of the most important American pension funds. The recent creation of Alternext in Europe, the stock exchange dedicated to small and medium-sized growth companies, is an essential element to accelerate developments in this sector.

Finally, the real estate sector today offers new opportunities, particularly with the new system of listed property companies (French Reits).

Before concluding, let me thank also particularly both John Thain and Jean-François Theodore who will tackle the new challenges facing Stock Exchanges at the end of this afternoon.

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Ladies and gentlemen,

The Paris Market is a major player in the European and international marketplaces. It is once again on the move, and is in the front row for pushing reforms and obtaining attractive conditions, in particular for international investors.

I would like to thank you for your attention and am now happy to turn the meeting over to the participants in our first round table which will address the question "Post-referendum: what will be the impact on European economic policies and the euro?".