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Thales Chairman-Elect Henri Proglio Quits in Row Over Russian Interests

By The Moscow Times

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Henri Proglio

PARIS — Henri Proglio gave up the chairmanship of defense group Thales on Tuesday, bringing into the open a simmering row with Economy Minister Emmanuel Macron over the veteran French businessman's Russian interests.

Macron had this month asked the former boss of power utility EDF to cut his ties with state-owned Russian nuclear company Rosatom if he wanted the Thales role.

In an interview with Le Monde newspaper on Tuesday, Proglio announced he would not take the chairman's job and accused Macron of conducting a smear campaign.

"I have had enough of suspicion, of humiliation ... This has to stop, taking me for a puppet, a spy, a greedy man, a traitor," he was quoted as saying.

"For weeks now I have been sullied by a campaign fed by Bercy," he added, in reference to the ministry's Paris headquarters.

Proglio, 65, had survived for three years under a Socialist government as a key figure in state-controlled corporate life, despite being an appointee of a previous centre-right government under former President Nicolas Sarkozy.

Against expectations, President Francois Hollande kept him on as head of EDF after taking power in 2012, and had backed him as Thales chairman when the company's other main shareholder, the Dassault family, proposed him in December.

Macron denied any campaign against Proglio, whose decision comes a day ahead of an annual shareholder meeting that would have effectively confirmed him in the Thales chairmanship.

"It was normal that we asked Henri Proglio to choose between taking on a non-executive role at the head of Thales and his undertakings, actual and paid, close to major players in the Russian military and civil nuclear sector," Macron told reporters.

"It seemed incompatible to us. It's not a problem of law, it's a problem of ethics and conflict of interest."

Political Reasons

Thales is a major contractor for Dassault Aviation's Rafale jets and for the Mistral helicopter carriers, whose delivery to Russia has been delayed due to western concerns over its part in the Ukraine crisis.

In the interview, Proglio said concerns about his Russian interests were ridiculous and a ruse to get him out of the job to punish him for his Sarkozy connections.

"Behind all this is an attempt to bring down a man for political reasons ... I defy all attempts to pigeonhole me politically. I am above all a businessman."

Proglio is a board member of ABR Management, part of Russian Bank Rossiya, which is subject to U.S. sanctions against Russia.

According to Le Monde, he also sits on the boards of two companies tied to Rosatom: Akkuyu Nuclear JSC and Fennovoima Ltd, created to handle nuclear power projects in Finland and Turkey.

Macron said Thales' existing chairman and CEO, Patrice Caine, would lead the search for a replacement. The state and the Dassault family each hold about a quarter of Thales.

Thales, whose shares were down 2 percent, declined comment.

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