

# French government is selling off 1,700 properties to help cut debt

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Angela Charlton, The Associated Press

PARIS - Fancy setting up house in a French government ministry? Or retiring to a royal hunting lodge? Line up now for a supersize sale of 1,700 properties by the French state, seeking to shed dilapidated, expensive-to-maintain buildings and chip away at the country's record-high debt.

Foreigners are welcome to join the bidding, Budget Minister Francois Baroin said in announcing the sell-off Wednesday—but their cash must be clean. Any buyer, whether a movie star, foreign government or ordinary taxpayer, will undergo thorough background checks.

By releasing a long-term list of state properties for sale publicly for the first time, the government appears determined to avoid the kind of controversies and secrecy that dogged some past sales of French property, both public and private, to shady magnates or deposed despots.

The properties in question include chateaux, such as one in Thonon-les-Bains built in 1800 and perched on the shore of Lake Geneva at the foot of the Alps. Another is a royal hunting lodge and guest house built the century before in the Saint-Germain-en-Laye forest west of Paris. "Buildings unoccupied for many years. Needs restoration," reads the government's listing for that property.

France, with its historically strong, centralized state, has too much property, Baroin said, disproportionate compared with other countries. The state must get rid of "useless and unadapted buildings." The plan announced Wednesday lays out planned sales from now through the end of 2013.

"Contributing to the reduction of debts" is part of the reason for the sales, Baroin said, though he wouldn't give an overall estimate of the value of the 1,700 properties. And it does not appear that the state's real estate profits will make much of a dent in France's €1.49 trillion debt, which is worth about 77 per cent of the country's gross domestic product, according to the state statistics agency.

Less than 20 per cent of the property sale proceeds will go directly to debt payments, with the rest for new government investments. Of the €3 billion in revenue from sales of state property since 2005, the minister said, just €27 million went toward the debt. The sale is part of a larger effort to streamline bureaucracy in a country where more than a third of workers are employed by the state.

A large chunk of the properties for sale belong to the Defence Ministry, which is undergoing a sweeping overhaul to make the military smaller, more modern and technology focused. The Defence Ministry itself is moving to a new facility under construction on the southwest edge of Paris that some dub a "Pentagon a la francaise," after which the old Defence Ministry buildings along the elite, Left Bank artery, Boulevard Saint-Germain, will be sold off.

Local authorities get first dibs on the properties for sale, but if they are not interested, the bidding is open to anyone. All sales will be subject to verification that “the origin of the funds is not likely to pose difficulties regarding anti-money laundering laws,” according to materials on the sell-off from the Budget Ministry.

That is a sensitive issue at the moment in France, where Panamanian ex-dictator Manuel Noriega is going on trial this month on charges he laundered cocaine trafficking proceeds via French banks and three Paris apartments bought by his wife in the 1980s.

Anti-corruption groups are awaiting a French appeals court ruling on a lawsuit they filed against three African presidents accused of buying properties in France worth millions of euros that human rights groups say was embezzled from state resources.

Paris is hosting a conference this week aimed at preventing that kind of activity, hiding shady assets in “safe havens” such as banks and property in rich countries. Baroin, speaking to mayors and legislators at his ministry, sought to assuage fears that France, so proud of its cultural heritage and its status as the world’s most popular tourist destination, was selling its soul. “Our goal is not to sell just to sell, without any respect for the future of our heritage,” he said.

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