

Updated Report: Europe's 7 electricity brothers strengthen hold

(21 August 2009) In an updated report on the European companies in the electricity and gas sector, further evidence is provided that the 7 brothers, Europe's largest electricity and gas companies continue to strengthen their grip. The report provides continued evidence of how the misguided liberalization policies are leading to a group of powerful companies. The updated report was produced by Professor of energy policy Steve Thomas, Public Services International Research Unit (PSIRU) of the University of Greenwich. (www.psiru.org)

High lights of the report:

- The trend towards concentration continues with all 7 brothers E.On, EDF and RWE, Vattenfall, Gdf-Suez, Iberdrola and ENEL strengthening their positions.
- New sections in the report detail the debt positions of the companies, and link this to the companies' recent announcements about investments in nuclear energy.
- The European Union's policy to force the integrated companies to sell their transmission networks is leading to more concentration. The proceeds from selling these networks will be used to buy up more assets in Europe in the competitive activities in energy.
- Without strong backing from government, the major national companies, will struggle to survive as independent companies as the major companies continue to try to increase their grip over European energy markets. Some countries, such as Denmark, Luxembourg, Romania and Czech Republic do seem to be supporting the emergence of 'national champions' but this support can only be limited given EU competition law. In some of the countries where large numbers of companies still exist, such as Italy and Switzerland, mergers and takeovers are rapidly reducing the numbers of companies in the market.
- The major European international companies are increasingly focusing their investments in markets which connect physically with their core businesses. While the large companies maintain a watching brief in countries on the edge of the EU

and which might join the EU, such as Turkey and Ukraine, they appear not to be seeking to expand their position until it is clearer that these countries will become integrated more fully into European markets.

Corporate policies in the EU energy sector

by Professor Steve Thomas, August 2009

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