

## 17:36 05 Jul 11 – INTERVIEW -Why not privatise to cut Italy's debt? – Bernardo Bortolotti

- \* Italy has \$1 trillion euros in public assets -thinktank
- \* IPOs of TV, rail, mail concerns could raise 30 bln euros
- \* Sale of stakes in national champions politically difficult

By **Luca Trogni**, Editor in Charge - Thomson Reuters

**MILAN, July 5 (Reuters)** - Italy could raise up to 30 billion euros (\$43 billion) from the privatisation of three state-owned companies, and more could be amassed if the debt-laden country launched a new round of asset sales, a thinktank founder said.

Privatisations have not figured high in the public debate in Italy of late, and this week's 47 billion euro (\$67 billion) austerity package aimed at eliminating the budget deficit in 2014 does not hint at future plans.

Italy has one of the world's highest public debts at around 120 percent of GDP, and ratings agencies have warned Rome it must do more to cut it.

Public broadcaster RAI, national railway group Ferrovie dello Stato and Poste Italiane, all 100-percent state-owned, would be obvious privatisation candidates, said Bernardo Bortolotti, founder of the Privatization Barometer thinktank that recently published a widely quoted report on Greece.

"In Italy, three large privatisations are still possible in theory: RAI, Ferrovie, and the Poste. These are three IPOs from which I think the government could raise about 20-30 billion euros, depending on the stake sold," Bortolotti told Reuters in an interview on Tuesday. But selling government stakes in strategic "national champions" such as utility Enel <ENEI.MI>, oil and gas group Eni <ENI.MI> and aerospace and defence group Finmeccanica <SIFI.MI> could also yield some much-needed cash, he said.

"We need to reflect on the current organisation of these companies and whether they really are strategic for the national interest," Bortolotti said.

Privatisation Barometer is a non-profit research group managed by consultancy firm KPMG and Eni's Mattei Foundation.

Italy has sold about 140 billion euros worth of public assets since a first round of privatisations in the 1990s, but Bortolotti said: "The government, local authorities and other public entities still own more than 1 trillion euros' worth of assets."

Giulio Tremonti, Italy's finance minister, has been credited with reining in Italy's public deficit during the financial crisis. But he has also become increasingly critical of privatisations and is an advocate of strong public intervention in the economy.

(Writing by Michel Rose; Editing by Will Waterman) ((michel.rose@thomsonreuters.com; +39 0266129 4589; Reuters Messaging: michel.rose.thomsonreuters.com@reuters.net)) (\$1 = 0.705 Euros)

Keywords: ITALY PRIVATISATIONS/

Tuesday, 05 July 2011 17:36:45RTRS [nLDE7640WG] {C}ENDS