

## "A provisoed agreement with Airbus The U.S.-? Everything ok with Prodi as well"

The chairman of the group: ready to give our technologies to Eads without joining. No damage from a government change

Guarguaglini: Finmeccanica sells weapons but no guilty feelings

**Protectionism:** protectionism is not the real problem. The question is that in Italy we don't stick to our decisions

**Equal footing:** in France only agreements on equal footing. Ansaldo Breda is paying a price for the little investments in high speed trains

(By MARCO PATUCCHI)

ROME. "The Berlusconi government might have been more friendly with the Americans but, as far as we are concerned, the change in government did not have any repercussion. I hope that the upcoming results of the bid to supply the U.S. armed forces with the new transportation aircraft bear me out".

In a conversation with Pier Francesco Guarguaglini starting with the United States is almost unavoidable. But this is not only because the top man of Finmeccanica expects, anytime soon, a decision from Washington on the contract for 6 billion dollars to supply, over a ten-year period, the U.A. army and air force with 147 transportation airplanes (the Italian group submitted a bid with Boeing for the C-27J Spartan). In fact, in the next few days, president Bush will be in Italy and this will be the opportunity to understand whether the tensions on the economic front with the AT&T-Telecom affair have left a scar. In fact, the breakdown of the negotiations between the two groups in those days nearly resulted in a diplomatic incident. Guarguaglini, who sits at the helm of a group that generates roughly 10% of its sales in the United States (with the U.S. presidential helicopter as its pride and joy), today shares his views on the protectionism accusations traded between the two countries. And his criticism of our country is very harsh. "Look, protectionism is not the real problem. The problem in Italy is the inability to stick to the choices made, regardless of the government in office", said the chairman and chief executive officer of Finmeccanica.

### **What do you mean?**

"In the United States there are written and unwritten rules that, once a choice has been made, politicians stand behind it 100%. In the defence sector, for instance, the rule has been set that 66% of the products supplied must be manufactured in the United States, regardless of the country of origin of the manufacturer. Moreover, there is limited information access for programmes considered sensitive. Yet, once these rules are adopted, once a choice has been made, nobody ever dreams of going back and change the original terms. Exactly the opposite of what happens in Italy. Look at the regasification facilities in Brindisi. British Gas was awarded the contract and then, once its activities started, the local authorities changed their mind. Look also at the high-speed train and the other infrastructural projects. It is this type of uncertainty in Italy that scares foreign investors away."

### **Well, when it comes to uncertainty we are not alone. What is your opinion about the strategic problems faced by the Airbus project which, under the stewardship of the Germans and French, lags behind Boeing of the U.S.?**

"In the Airbus case, they had problems of an industrial nature on the development of the A380, which were created also by the complicated dual German-French governance system. This is further evidence that the management of 50-50 ventures is complicated. Only when we acquired full ownership of AustaWestland, for instance, were we able to carry out a thorough operational integration without any conditioning of a geographical type".

### **But are you interested in joining Airbus?**

"We are not interested because we would have a small share and would be a cipher."

### **So, Finmeccanica does prefer the U.S. to Europe...**

"Actually no, because we want to continue to supply our technologies both to Airbus and Boeing. The U.S. group's policy is to involve partners that, by using their own technologies, take risks and are no longer simple suppliers. The 787 programme is an example of that and it is going well. Airbus has always considered us as

suppliers. Now, after focusing on the internal manufacturing of aerostructures, it has to deal with redundancies and excess plant capacity. We are not interested in buying these operations, which makes negotiations with Eads very difficult”.

**In France are you still negotiating with Thales to set up an alliance in defence electronics?**

“With the increase of Alcatel’s weight, Thales has stabilized and has no great urgency to enter into merger talks. However, everything depends on the strategies that the new French government will adopt”.

**Prodi has already met Sarkozy. What message have you sent to the French president through him?**

“That Finmeccanica is always willing to enter into agreements with the French, but only on equal footing. And if these agreements do not materialize, for us it will not be the end of the world.

**Let’s talk about Russia. Is it true that Putin is slowing down the Alenia-Sukhoi negotiations on the Superjet 100 because he wants to see what happens to Aeroflot with Alitalia first?**

“We are continuing our talks with Sukhoi. These days our people are in Moscow and it does not appear that the Russian government is slowing down the process”.

**Speaking of slowdown, to what extent the investment problems of the Italian Railways are affecting the activities of your railway operations?**

“A distinction should be made. In the signalling sector the Italian Railways Network has always invested during these years, including in high speed. In fact, our company is on the leading edge in this area and enjoys a favourable position in the world. Concerning trains, Ansaldo Breda is suffering for the little investment of Trenitalia. Suffice it to think that we had signed an alliance with Alstom for the train that travels at over 250 km. an hour, which came to nought because high speed in Italy is not taking off. Now the new chief executive of the Italian Railways is ready to go again. Regarding the overall high-speed programme in Italy, I hope that what we said before about changing the terms after a decision is adopted does not come to pass again.”

**One last question. Leading an industrial group that has the sale of weapons as its core business has ever made you feel guilty?**

No, and I say this as a practicing Catholic. Finmeccanica develops defence systems and its principal customers are the armed forces of Italy and the other European countries. I try to do my job very rigorously, in accordance with the Italian law governing arm exports. It is the strictest such law in the world and, among others, it forbids relationships with countries sanctioned by the United Nations.”