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Infrastructure: is the game lost?

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As a big football fan, I am used to thinking that matches end with the referee's whistle and that, right up to the last second, there is always time to regroup and win.

However, it is also a fact that time passes and that, sooner or later, it really is the end of the game.

So it seems to me that instead of wondering whether the game of infrastructure has already been lost, it would be more useful to think about what is required to win it.

To answer this question, we first need to understand the purpose of the game of infrastructure.

It seems quite clear to me that, for any country, having modern and efficient infrastructure not only improves the daily life of its citizens, but is also a strategic factor in creating a more competitive system.

However, I am not sure whether all Italians agree with me.

There are some – apparently, at least – who are against big construction works by definition, and who oppose them regardless of their nature.

Others are – at least seemingly – well-disposed towards the development of infrastructure, but when it comes to the reality produce a whole series of difficulties and specific objections, often referring to environmental concerns. These are not always relevant and in any case rarely technically justified, and make it almost impossible to move from speech to action.

Finally, some are in favour of new, modern and competitive infrastructure, but appear to overlook the time it takes to achieve, failing to grasp that this is one of the crucial factors that can put major projects in serious danger.

In other words, it seems that there is not enough general awareness of the issue in Italy, in terms of both public opinion and the political, business and financial arenas.

If this is true, we need to take rapid, effective action on several levels. We should draw up clearly defined and rigorous procedures, set definite time periods for obtaining agreement and project implementation and avoid the continual discussion of decisions that have already been made.

To achieve this, the following will be necessary:

- a more long-term approach on the part of politicians, who need to be able to make choices for Italy's future without being too dependent on short-term consensus;
- greater intellectual honesty from everybody involved, with the acknowledgement that, if we want Italy to retain its position as one of the most internationally influential countries and we want to maintain our current standard of living, the question of infrastructure must be faced and resolved.

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First of all, we have to carry out a systematic and comprehensive review of the infrastructure question.

To do this we need to develop national, integrated strategies for the various types of infrastructure, rather than limiting ourselves to developing individual components at local level, which later have to be inserted, with great inefficiency, into a wider context.

Furthermore, a systematic approach cannot and must not be sector-based, but has to include the various types of infrastructure - transport, energy, telecommunications, etc. - within the same project.

To give a real example, it is a fact that Italy holds a very important strategic position in the Mediterranean in terms of the trading of goods between the Far East and Europe.

This privileged position could make it possible for the port of Gioia Tauro to take a central role as a hub for international maritime transport.

However, to convert this opportunity into a real, competitive advantage, it is not enough for Gioia Tauro to have modern, functional depot facilities. The entire southern Italian system has to be efficient, and extensive enough to cope with substantial quantities of goods moving in and out.

Given the current state of infrastructure in southern Italy, however, it is no surprise that a much less central port is used in preference, such as Rotterdam, which has the services and connections needed to guarantee sufficient trading volumes.

In addition, the growing interdependence between various countries and systems, brought about by the globalisation of markets and the economy, means that we can no longer plan infrastructure as stand-alone systems that are not properly integrated within a global network.

If we really want to play the infrastructure game, therefore, we need to act within an international, or at least a European, perspective.

However, to do this we need to keep up with other countries: guaranteeing certain deadlines and costs when implementing major projects is an absolute necessity if we want to compete in an international context and be a credible partner in cooperation programmes.

Unfortunately, this requirement is very rarely met in Italy, which has a negative effect on the entire system.

Not only are costs high and deadlines long, but public administration often functions unpredictably and with little transparency.

Indeterminate financial schedules and delays to payments of contractual tranches by public clients can not only put individual programmes at serious risk, but can also threaten the credibility of entire companies or the system itself.

We should not forget that substantial financing is available from the European Union for many major public works, for example for TAV on trans-European rail networks. However, to gain access to this, projects have to be presented quickly and carried out on time and within budget.

More prompt and efficient management of the process of approving proposals and releasing financing, particularly for research and development programmes, and greater transparency in administrative processes would also help to attract more foreign investment.

Italy does not rank particularly highly in this particular classification: in 2007, foreign direct investment in the country was about \$40bn, compared with \$185bn for the UK, \$150bn for France, \$105bn for the Netherlands, \$50bn for Germany, \$40bn for Belgium, \$26bn for Ireland and \$25bn for Spain.

Italy's difficulty in attracting foreign investment is a serious limitation,

particularly now that many emerging markets (I am thinking not only of China and India, but also the Gulf states) have substantial financial liquidity and are therefore investing abroad through sovereign wealth funds.

In 2007, the Abu Dhabi Investment Authority - the sovereign wealth fund of the United Arab Emirates - managed about \$875bn in foreign investments. Sovereign wealth funds had more than \$3,000bn in assets under management in total, a figure that is expected to rise to \$10,000bn within 10 years.

This means that there are financial resources in circulation in the world, but that we must be able to attract them. Italy has to offer sufficiently reliable and credible conditions, above all ensuring that costs and construction schedules are properly defined and certain, in order to guarantee returns on investment.

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Since I belong to the world of industry, before I finish I would like to look at the game of infrastructure from an industry perspective.

As well as being vital to the functioning of the country, creation of major infrastructure creates a market for the high-tech industry, with resulting benefits for the entire production chain, including SMEs, and contributes to expertise in the national industry, increasing its effectiveness in foreign markets.

In this context, one crucial factor in growth and increased competition is the development of a stable, structured partnership between the industry and a major national client that is both:

- demanding in its requirements, prompting the industry to give of its best and to increase its abilities as much as possible; and
- collaborative, supporting the strengths of the industry and assisting it in the research and planning phases.

In terms of results, long-term programmes are the most fertile context for this type of cooperation, allowing the industry to plan and implement necessary investments with schedules that ensure completion of the development phase, and guaranteeing not only economic returns, but also gains in terms of new technological and managerial know-how.

One example of a profitable partnership between industry and client is that of Finmeccanica and Ferrovie dello Stato, particularly in the area of signalling (with the development of the ERTMS, a new technological system, which was a world-wide success for Ansaldo STS) and in high-speed rail transport, where Finmeccanica and Ferrovie share an excellent technology that enables them to compete internationally.

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To conclude, any prediction of the results of the game of infrastructure in Italy could not be too optimistic.

As I have said, in this country any larger-scale initiatives repeatedly come up against individual interests that find in institutional structure endless opportunities to interfere in, delay and sometimes block decisions already made at political level, in many cases wasting investments already made.

However, if we want Italy to keep its place among the world's most important countries, with influence at international level, and if we want to retain our current lifestyles, we must make choices, define a comprehensive and coherent strategy and implement this efficiently and promptly.

This is the only way of getting the game of infrastructure back on track, albeit in the 'dying minutes'.