

VIEW FROM THE TOP

MARCO TRONCHETTI PROVERA, chief executive of Pirelli

Marco Tronchetti Provera is a grandee of Italian industry. The 61-year-old Pirelli chief executive is also the main shareholder of the group that is the world's fourth-largest tyre-maker and has a large property business. Past appointments include CEO of Telecom Italia, board member of the La Scala opera house and chairman of Italy's main business newspaper, Il Sole 24 Ore. Pirelli is the main sponsor and a small shareholder in Inter Milan football team.

Mr Tronchetti still has a finger in many pies as the vice-chairman of both Mediobanca, the secretive and powerful Italian investment bank, and Confindustria,

the business lobby group. He sits on the board of the company controlling the Alitalia airline, as well as Bocconi University, where he studied, and the international boards of Germany's Allianz and JPMorgan.

Pirelli is facing tough times in its two sectors of cars and real estate but Mr Tronchetti recently announced a three-year restructuring plan.

In a video interview with FT.com, Mr Tronchetti talks about the dangers of protectionism and why Italy's economy is in better shape than some fear. Edited highlights appear below.



How bad are things going to get in the car industry? Do you think we're going to see factories close?

The first six months of this year will be very bad. There is overcapacity in Europe, there is overcapacity in America. We don't yet have a clear vision on the government side of a common policy to face the crisis. The worst is to have each country doing something different. Then it becomes a distortion in competition. There is overcapacity, and the only way is to close factories.

What will the industry look like in three years?

The industry can take advantage of the crisis. Many times in the past, we have seen that a crisis has pushed industry to accelerate innovation. We will have an industry that will be more environmentally friendly.

How dangerous is it if each country follows, for instance, what France has done and does a national bail-out?

We have the risk [of keeping] alive non-competitive industries affecting the entire industry negatively.

What would you like Mr Berlusconi to do in Italy?

Mr Berlusconi and his government have [taken] a first action. They are moving in the right direction because this move was not only a support to the automotive industry.



Intervista a Marco Tronchetti Provera - Visto dall'alto (pds)

but also to support the suppliers, mainly the [small and medium-sized enterprises].

Was Fiat's stake in Chrysler a clever move?

It was a move that cost zero. It's a way to have an eye on what happens in the US.

Will we see further consolidation in the tyre industry?

It is already consolidated ... the first five players have 80 per cent of the market share worldwide. There could be some minor mergers, there could be an important transaction in the future – but it's not a must.

Would you be interested in parts of Continental Schaeffler if they came up for sale?

For the time being they have a number of priorities to solve anything that can happen that involves competitors, and to analyse opportunities. It's too early to say. But if the price is right, if we are asked to be part of a transaction, it could be interesting to analyse it – but only if it's a friendly transaction.

Is your company big enough to survive the

global downturn?

Touching wood, yes. We [have been] through many crises. Sometimes size is an asset. Sometimes, it's a liability. We are not burning cash. I think that 2009 is a key year to reshape companies, to be ready to face the new world in which we are [now] – being more flexible, being able to have new products in the market.

You have just announced a three-year restructuring plan. What's the endgame for that? Is it a spin-off, or sale of your real estate business to focus on tyres?

The endgame is to have an efficient real estate arm, to be part of the consolidation of the sector. For us, it's not key to have the majority stake in a real estate company. The core activity is the tyre business. We cut 15

per cent of our presence in western Europe. We are increasing our position in Latin America, improving our position around the world where we see growth coming in the next few years.

Could Italy's high level of public debt threaten the stability of the euro?

I don't think so, because Italy has a private sector where saving is very high. It's the highest in Europe. The public debt is very high, but their savings are high, and there is not such a huge financial crisis because our banks are not as international as many banks in other countries, and also because we don't have the bubble of real estate. I think that we have a problem, we have a huge debt, but we can face it.

How worried are you about a return of protectionism?

I am worried... it's the right way to have a long-lasting recession. Only with an open dialogue, with common rules, facing the crisis together, can we overcome it in an acceptable period of time.

Are you therefore worried about the UK strikes we've seen against employing Italian workers?

It was a small minority that made a lot of noise, but it's a sign that we have to take into account in order to stop such a reaction.

Richard Milne

Long or short?

Alitalia? **Long**
 Bankers' bonuses? **Short**
 Jean-Claude Trichet? **Long**
 The Berlusconi government to last a full term? **Long**
 Gordon Brown? **Long**
 Milan as a European financial centre? **Short**
 Sovereign wealth funds? **Long**
 The European single market? **Long**
 The US financial rescue plan? **Short and long**
 David Beckham at AC Milan? **Long**