



ASECAP HIGH LEVEL CONFERENCE ON THE CONCESSION MODEL

Bruxelles, 30th March 2015

Italy- Fabrizio Palenzona, AISCAT President



THE ITALIAN EXPERIENCE AND LESSONS FOR THE FUTURE

- Concessionaires in Italy experienced political pressure in 2006 and subsequent years on how to calculate tariffs while doing investments, this pressure was successfully overcome on the grounds that:
 - contracts cannot be unilaterally changed by the Government; and
 - national laws have to comply to the general principles of the European legislation
- The current situation in Europe shows features which to some extent remember our experience of mid 2000s: because of the economic crisis Governments feel political pressure on tariff increases, at the same time they want investments to foster growth and increase employment
- However, tariff increases are not the result of a free choice of concessionaires, they are mandatory to remunerate cost of investments as foreseen in contracts
- Governments can submit proposals asking for investments with limited tariffs increases, concessionaires have the right to accept or not such proposals after a proper assessment of economic viability

INVESTMENTS AND TARIFF INCREASES: THE CASES OF FRANCE AND ITALY

- The French Government has required several concessionaires to make new investments in presence of tariffs increases in line with inflation. It has increased the years of the concession as compensatory measure. That has been declared compliant to European Legislation by the European Commission
- The Italian Government is currently discussing with the European Commission a proposal to be addressed to selected concessionaries, which would be required to make about 10 Billion of investments and increase tariffs only in line with inflation. The involved concessionaires would have recognized additional years of the concession as compensatory measure. They would also be aggregated in case of same ownership
- Both in the cases of France and Italy investments will improve the transportation network of the country, and will have a positive impact on growth and employment
- Governments in other countries are likely facing the same challenge. They would like to promote investments in presence of limited tariff increases because of the economic crisis

THE NEW APPROACH IN EUROPE AND OUR CHALLENGE

- The Juncker Plan asks for investments of about € 300 billion, which will be mainly privately financed
- The concessionaires can play a relevant role to support the Plan as they can make investments immediately by raising capital through corporate finance
- The new Directive on Concessions, in addition to the principles of the European Treaty, provides guidance on how investments can be made
- The challenge we are facing now is whether we will be able to proactively contribute to the new approach in Europe and to meet the needs of our Governments
- That has to be done by following approaches which will allow proper remuneration of investments, and which will be compliant to our contracts and to the general principles of the European legislation



Italian Motorway Network Operating at 31-12-2014

| | |
|-------------|------------|
| ■ Tolled | Km 5.906,5 |
| ■ Toll free | Km 937,7 |
| Total | Km 6.844,2 |

Traffic data: along the period **2014 - 2013** an average increase of + 1,0% (HLs+LVs) has been registered.

Safety data: during **2014** reduction of – 2,4% for the accidents, compared to 2013.

Continuous engagement of the toll concessionaires companies for increasing road safety.

- The Concessionaires members of AISCAT are committed to provide the highest quality and safety standards, and to make investments and will calculate tariffs accordingly as envisaged in their contracts
- Proposals asking for investments and tariff increases in line with inflation have to be fully compliant to the contracts and the European Legislation
- We are not interested in different solutions, justified in terms of «exceptionality» as the one contained in article 5 of «Sblocca Italia», which differs from the original proposal which was meant to transpose in Italy the European Legislation