

Berlusconi trims stake in Mediaset

By Elisabetta Povoledo

ROME: A week after Silvio Berlusconi's center-right government suffered a devastating defeat in local elections, the prime minister's family said Wednesday that it was selling a €2 billion stake in the broadcaster Mediaset, a move intended to quell criticism over conflict of interest.

Fininvest, the family's holding company, said it would cut its stake in Mediaset, the largest private Italian broadcaster, to 34.3 percent by placing 16.7 percent of its holdings on the stock market.

Francesco Cardinali, of J.P. Morgan, the bank overseeing the stock placement, said the sale was motivated in part by the electoral results, in which Berlusconi's party lost 11 of 13 regions.

"The timing is following the recent poor performance of the ruling coalition in the regional elections," Reuters reported Cardinali as saying.

The chairman of Mediaset, Fedele Confalonieri, described the sale as a tangible step toward resolving Berlusconi's perceived conflict of interest.

"You know the famous conflict of interest is subsiding," Confalonieri said, adding that Berlusconi wanted to "raise capital."

But Italy's center-left opposition dismissed the sale as a propaganda ploy to deflect attention from Berlusconi's political problems, Reuters reported from Rome.



Daniele La Monaca/Reuters

The decision to sell follows Berlusconi's devastating defeat in regional elections.

Berlusconi is keen to blunt criticism of a conflict of interest between his political and media interests before the next general election, which is expected in the spring of 2006.

But the opposition made it clear that it had no intention of easing the pressure, and pointed out that Berlusconi maintained a 34 percent controlling stake in Mediaset.

"He's still the owner, he keeps control, so it has nothing to do with the conflict of interests," said the opposition leader Romano Prodi, the former president of the European Commission.

Confalonieri of Mediaset suggested the company could become a takeover target, now that the Berlusconi family stake was trimmed. "With 50 percent it was impossible. Not it's not so easy but not impossible to takeover," he said.

As the head of government, Berlusconi does have a say on who runs Italy's state broadcaster, RAI, whose board will be renewed later this month.

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