

**Research:**[Return to Regular Format](#)**Outlook Stable for Italy's Regions, Says Report Card on Italian Regional Governments****Publication date:**

03-Nov-2004

**Primary Credit Analyst(s):**Myriam Fernandez deHeredia, Madrid (34) 91-389-6942; [myriam\\_fernandez@standardandpoors.com](mailto:myriam_fernandez@standardandpoors.com)  
Vittoria Ferraris, Milan (39) 02-72111-214; [vittoria\\_ferraris@standardandpoors.com](mailto:vittoria_ferraris@standardandpoors.com)

MILAN (Standard & Poor's) Nov. 3, 2004--The outlook for 10 Italian regions is stable, with ratings ranging between 'AA-' and 'A', Standard & Poor's Ratings Services said in a report card published today.

"The overall credit quality of the rated regions is satisfactory, with the stable outlooks reflecting Standard & Poor's expectation that there will be no significant changes to the regions' credit profile over the next two years," said Standard & Poor's credit analyst Myriam Fernández de Heredia.

Although debt and investment management are important rating factors, management of health care expenditures remains key to credit quality, with health care accounting for 65%-80% of regional revenues.

"Looking further ahead, decisions on the funding of health care costs over the next few years, together with the progress of the devolution process and its related financing, will largely determine the evolution of the Italian regions' finances, and consequently of their creditworthiness, in the medium term," added Ms. Fernandez de Heredia.

Standard & Poor's maintains its criteria of not rating any Italian regional or local governments above the sovereign (Republic of Italy; AA-/Stable/A-1+). The recent announcement by the central government of the maintenance of the tax freeze in 2005 reinforces this approach. "The regions' financial autonomy and taxing powers remain constrained because the government is still able to take unilateral decisions that affect regional fiscal policy," said Ms. Fernandez de Heredia.

The report card titled "Industry Report Card: Italian Regional Governments" is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at [www.ratingsdirect.com](http://www.ratingsdirect.com). Alternatively, call one of the following Standard & Poor's numbers: London Ratings Desk (44) 20-7176-7400; London Press Office Hotline (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5916; or Moscow (7) 095-783-4017. Members of the media may also contact the European Press Office via e-mail on: [media\\_europe@standardandpoors.com](mailto:media_europe@standardandpoors.com).

GROUP E-MAIL ADDRESS

[PublicFinanceEurope@standardandpoors.com](mailto:PublicFinanceEurope@standardandpoors.com)