

MILAN, Dec 18 (Reuters) - Italy's high-speed passenger rail services will see "pure" competition when private operator Nuovo Trasporto Viaggiatori (NTV) challenges state-owned Trenitalia with the launch of its first 'Italo' train in 2011, NTV's chief executive said.

NTV, Europe's only privately-owned passenger train operator, has ordered 25 AGV Alstom <ALSO.PA> trains and the whole fleet will be deployed by the summer of 2012 when the domestic high-speed market could generate up to about 2 billion euros (\$2.9 billion) in turnover, Giuseppe Sciarrone told Reuters.

The company, chaired by Luca Cordero di Montezemelo, who is also chairman of Ferrari and Fiat <FIA.MI>, could in certain cases offer prices below those of Trenitalia, he said.

"This will be pure competition. Choice will be up to the passengers and what they decide will have a strong influence on the strategic decisions of companies," Sciarrone said.

In December, Italy inaugurated the Bologna-to-Florence high-speed railway, completing 1,000 kilometers of rail network linking northern Italian cities of Milan and Turin to Naples and Salerno in the south of the country.

"It's not easy to predict (our market share), it depends on Trenitalia's pricing policy and offers... let's say it will be at least 20 percent and could be over 30 percent in the best-case scenario," he said.

At present, only Trenitalia, the passenger unit of Ferrovie dello Stato, which also operates Italy's railway infrastructure, runs high-speed trains in Italy called 'Frecciarossa'.

The allure of fast and cleaner travel is expected to drive a big expansion of Europe's high-speed rail network over the next five years at a cost of some \$115 billion, promising a boom time for contractors and suppliers.

But private train operators looking to move into the international passenger rail services market following the European Union's liberalisation of the sector from January will still face a system favouring state-owned firms.

Sciarrone welcomed the European liberalisation as "a first step" but said liberalisation needed to be extended to domestic passenger services, too, as has already happened in Italy, and not be limited to international routes as in the European case.

He said Italy's rail passenger service liberalisation laws include a reciprocity clause that allows access only to those companies whose home markets allow similar access, such as Germany.

"The Germans could enter (Italy) though this is controversial. Certainly the Spaniards, the French and the Belgians, as well as others, could not enter," he said.

Sciarrone said NTV aimed at reaching breakeven in 2013 and then would go for a possible initial public offering, perhaps after 2013 or 2014.

"A listing on the stock exchange is one of the objectives of shareholders and will be done when conditions are right... certainly after breakeven," he said.

Apart from Montezemelo, NTV shareholders include Italian businessman Diego Della Valle, whose family controls luxury shoe and bag maker Tod's <TODI.MI>, bank Intesa Sanpaolo <ISP.MI> and France's state-owned railway SNCF.

Sciarrone also did not rule out an eventual move into other European markets though at the moment the focus was on launching the business in Italy.

For an Analysis entitled "Firms to jostle for seat in Europe's fast rail boom" please click on:

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