

WRITTEN QUESTION E-2222/09
by Elisabetta Gardini (PPE-DE)
to the Commission

Subject: Telecom's unbundling price: safeguarding competition to protect consumers

Unbundling the former monopoly operator's network (i.e. statutory requirement that the former monopoly operator allow competitors access to the final mile of its own network) has so far proved to be one of the most effective measures in the current telecommunications regulatory framework for liberalising the market: to date, some 20 million unbundled telephone lines are used across Europe (approx. 2.7 million in Italy) by a wide range of operators who compete on the basis of prices and services. Thanks to this competition, the prices of telecommunications services in Italy have fallen by around 28% since the start of liberalisation.

The recent application by Telecom Italia, the former monopoly operator, to raise the unbundling fee (EUR 1.75, +23%) risks undermining the competitive framework and blocking moves towards lower prices with a consequent rise in consumer bills, estimated to be around EUR 200 million in 2009 alone.

Moreover, the application to raise unbundling prices does not appear to be justified by a real increase in the incumbent operator's underlying costs, or to be linked to a qualitative or quantitative improvement in the services offered. In fact, according to estimates by the Italian consumer organisation Codacons, the incumbent operator's (approximate) production costs have fallen rather than risen. Furthermore, the increased costs suffered by competitors as a result would restrict capacity for new investment in creating alternative fixed networks, thereby hindering the spread of broadband provision, which in Italy is well below the European average.

Last December, the Commission blocked moves by the Italian telecoms regulator, AGCOM, to approve Telecom Italia's application to raise prices before it had supplied the Commission with information, certified by a third-party company, on the incumbent's real costs.

In light of the above, can the Commission comment on whether AGCOM's plans to allow Telecom Italia to raise the unbundling fee entail material and substantial changes from the remedies applied until now and, for this reason, should not the Commission be fully informed of these plans prior to their adoption, as required by Article 7 of the framework directive?

Does the Commission feel that, particularly in a period of serious economic difficulty, consumer interests are best defended by safeguarding competition, including competition in the electronic communications sector, rather than by resorting to market protectionism?