Italy

TELECOM MARKET & REGULATORY DEVELOPMENTS

Development of the sector

Revenues of the sector continued to decline in 2011 by 1,5% . Despite the economic downturn, in 2010 the decrease of revenues did not affect the pace of investments in the mobile sector that on the contrary increased.

In 2012 growth of fixed broadband penetration slowed down. In this market the copper network still remains the key competitive factor, with a large predominance of DSL (98%) and almost 5 millions of unbundled lines out of 6,2 millions lines of the alternative operators. The market share of the incumbent (Telecom Italia) in the **fixed broadband** sector declined by 1pp in 2011 (53%, compared to EU average of 43%). The additional spectrum available for mobile broadband is needed to sustain the consistent increase of mobile data traffic, in particular in view of the significant increase of use of smartphones and tablets, while at the same time it may help to reduce the digital divide.

The demand for **mobile voice** services appears dynamic as shown by the increase of already high mobile penetration (159%, increasing by 4 pp in 2011). Four network operators compete (Telecom Italia, Vodafone, each with 1/3 of the market, Wind and H3GItalia), together with 11 Enhanced Service Providers and one full MVNO (Noverca). Accordingly, fixed voice traffic consistently declines in favour of mobile, in line with the trend of the last few years. In both cases regulatory decisions entailing reductions of termination rates have been adopted in 2011, which could lead to significant changes with regard to the cash-flow between the two sectors in the next years.

The smooth functioning of fixed number portability was not yet fully ensured.

Progress in Broadband deployment and take-up

At the end of 2011, Italy was moving towards achieving the DAE target aiming at securing a basic broadband connection (in the order of 2 Mbps) for all EU households by 2013, with a significant reduction of narrow-band connections and some funds available for rural areas. However the digital divide still affects 5% of the population. Moreover, progress in the deployment of high-speed (30 Mbps) and very high-speed broadband (100 Mbps) has so far been less encouraging, both in terms of coverage and take-up. In view of the forthcoming implementing measures of the national digital strategy and taking into account that additional EU structural funds were made available, the government is currently reviewing its strategy on NGA investments.

Independence and effectiveness of the NRA

Legislation concerning the independent authority dealing with market regulation, *Autorità per le garanzie nelle comunicazioni* (AGCOM), was adopted in 2011, expanding its competences to other sectors and in order to ensure budget savings.

Implementation of the framework

At the end of 2011 Italy had not transposed the revised telecom framework after the deadline set by the EU Legislator (25 May 2011). A step forward was undertaken in December 2011, when the Parliament approved the law empowering the Government to adopt the legislative decrees needed to transpose the Framework, due for the first half of 2012. Given that final transposition measures were not adopted at the end of the reporting period, infringement proceedings concerning lack of notification of transposition measures of 2009 Reform Package were ongoing. However on 25 May 2012 the Government adopted the final transposition measures.

Spectrum management

While a significant portion of spectrum, including the digital dividend, is being made available for mobile broadband by means of a multiband auction and the material implementation of spectrum refarming, the process for the final assignment of rights of use for broadcasting is still on going.

Consumer protection

Missing children helpline 116000 is operational

Implementation of the 112 number is still based on a temporary solution, which is subject to further improvements, and the awareness of the European 112 number remains the lowest in EU.

In case of complaints brought in front of dispute settlement bodies, automatic minimum indemnities for breach of certain quality parameters have been set by the regulator.

The adoption of tools aiming at enhancing transparency of conditions for end-users remains one of the main objectives of the NRA, which also completed an inquiry on traffic management techniques currently adopted by operators.

The delay in the determination of net-cost for past years is still significant.

The opt-out registry for unsolicited calls has been launched, but compliance of operators is still an issue that triggered several enforcement actions of the national data protection authority (*Garante della Privacy*)