

ORGANISATION DE COOPÉRATION ET DE DÉVELOPPEMENT ÉCONOMIQUES



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

OECD COMMUNICATIONS OUTLOOK 2001 Telecommunications

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TELECOMMUNICATIONS - REGULATORY ISSUES

Market Structure and Regulatory Status (Questions 1 -10)

1. Please provide details of the regulation of communication infrastructure, including the public switched telecommunication network (PSTN), provision in your country.

Infrastructure provision for following service	Regulatory Status (e.g. monopoly, duopoly, certain number, fully open to any applicant)	Number of licensed operators (2000)
Fixed PSTN (Local, National and International)	Fully open	100 (June 1 st)
Network infrastructure capacity (Includes only companies not licensed to provide voice services) (*)	Fully open	22 (June 1 st)
Analogue Cellular Mobile (e.g. NMT etc.)	Monopoly – phase out in 2005 – users are 2,7 mn. i.e. 8% of the total and decreasing steadily	1
Digital Cellular Mobile (e.g. GSM, PCS etc.)	Certain number according to frequency availability	4
Wireless local loop (fixed wireless)	Certain number according to frequency availability	Licenses to be granted end 2000
IMT-2000 Operators (i.e. UMTS and 3 rd Generation)	Certain number according to frequency availability (max 5)	5 Licenses to be granted (Nov 2000) one of which to a new entrant

* In Italy there are three types of licences: 1) voice telephony services; 2) network installation and provision; 3) network installation with the sole purpose of voice telephony provision. No 2 and 3 are included under network infrastructure capacity.

2. Please provide details for the major public telecommunication operator (PTO) of public switched telecommunication services in your country. (PTOs are state and privately owned entities providing public switched telecommunication services over their own infrastructure)

Name of PTO	PTO Ownership Status (2000) (e.g. state owned/privately owned) If a balance of ownership exists please indicate the share (%) held by the government
<i>Telecom Italia</i>	Privately owned (Tecnost S.P.A. 55,02%, Bank Of Italy 1,14% Treasury Ministry 3,46%, , employees 0,36%, Financial investors and stock market 40,02%) (as at 29.02 2000, source: Annual Report 1999)
<i>Infostrada</i>	Privately owned by Omnistrada (100% Mannesmann) (Source: Web site June 2000)
<i>Albacom</i>	Privately owned - Albacom Holdings 45,5% (British Telecom 50,5% - BNL 49,5%), ENI 35%, Mediaset 19,5% (Source: web site June 2000)
<i>Tiscali</i>	Privately owned (Renato Soru 61,22%, Andala 8,01%, Kiwi Fund 8,01%, market 22,76% (Source: web site financial information)

<i>Wind</i>	Was: 51% Enel (energy utility) 49% FT/ DT GmbH (50% France Telecom, 50% Deutsche Telekom) (as of 30 June 2000) – DT left its stake to Enel: now (Sept 2000) is: Enel 56,3%; FT 43,7%.
<i>Telecom Italia Mobile</i>	Telecom Italia 52,46%, financial investors and market 31,05%, stock market 16,49% (as at 31.12.1999, source: Annual Report 1999)
<i>Omnitel – Pronto Italia</i>	Privately owned by Omnitel Sistemi Radiocellulari S.P.A. 70% (OliMan Holding B.V. 36,6%, Bell Atlantic 23,1% Air Touch Europe B.V 21,6%, Cellular Communications International Inc. 10,3%, Mannesmann Eurokom GmbH 8,3%, Others 0,1%) and Pronto Italia SpA 30% (as at 31.12.1999, source: Annual Report 1999)
<i>BLU</i>	Autostrade (32%), British Telecom (20%) Distacom (9%), Edizione Holding (9%), Mediaset (9%), BNL (7%), Italgas(7%), Gruppo Caltagirone (Palatinus) (7%)

3. Please provide details of market share for the largest PTO in the following categories.

	The largest PTO's share	
	End 1998	End 1999
Local Access: % of access lines	100%	Ca. 100%
Local Access: % of local calls	100%	Ca. 100% - but in Sept 2000 over 22 operators are offering local calls to business customer (over 18 to residential customer as well) via carrier selection; 13 operators have signed Carrier Preselection contracts
National Long Distance (% of total minutes) ¹	Ca. 97%	Ca. 93%
International (% of total outgoing MiTT)	Ca. 86%	Ca. 68%
Internet Subscribers ²	3.100.000(*)	8.200.000 (*) TIN 1.990.000 subs (**) 4.095.000 subs (***)

1. If % of minutes is not available, please indicate the % of revenue

2. If share of subscribers is not available, please indicate number of Internet subscribers for the PTO.

(*) – *in terms of users - Source: IDC, June 2000. Other estimates from Bocconi University and Censis put the figure respectively at 8.5 mln and 9mln in June 2000.*

(**) – *TIN Is the ISP owned by the incumbent - Source: Telecom Italia Annual Reports*

(***) - *TIN, Infostrada, Tiscali and Wind subscribers – Sources: Annual reports and press release*

4. Please provide details of the number of subscribers by cellular and PCN mobile communication operators.

Name of Operator	Number of Subscribers (End 1999)
1. TIM - TACS	3.300.000 (2,7 Mn. Sept 2000)
2. TIM - GSM	14.900.000
3. Omnitel	10.418.000
4. Wind	1.450.000
	Source: Mobile Communications

5. Please provide a description of the most significant recent policy changes affecting the provision of telecommunications services, as well as any draft laws, or regulatory proposals to be implemented in 2000 to 2001.

A – IMPLEMENTED

General

In practical terms the regulator has pursued four main developments:

- the opening of the network of the incumbent operator;
- tariff rebalancing, in order to align prices with the cost of services;
- the allocation of scarce resources such as numbering and frequencies;
- the promotion of technological innovation and of the convergence of information technology, telecommunications and audiovisual content into one integrated communications system.

Important improvements have been achieved in the licensing regime, the completion of tariff re-balancing, the introduction and effective implementation of carrier pre-selection and number portability, and numbering allocation. The NRA has adopted a number of implementing measures aimed at ensuring that the communications market is efficient. The most significant changes in Italian legislation are the Decision on local loop unbundling of March 2000, which is in line with the conclusions of the Lisbon Council of the European Ministries; the adoption (in cooperation with the Ministry of Communications) of the licensing and regulatory framework for UMTS; the Decisions of December 1999 and April 2000 regulating the provision of wholesale ADSL; and the new framework for general authorisations. A Decision was also taken to establish a universal service fund for 1999.

Universal service

For the first time and with reference to the year 1999, the AGC has acknowledged the need to activate the USO fund, to which several operators will participate to compensate the costs incurred by Telecom Italia in offering non remunerative services across the country.

In particular, TI had declared to bear costs in the following areas:

- geographical non-remunerative areas;
- non remunerative customers in remunerative areas;
- non remunerative public telephones
- directory services.

The overall cost for the year 1999 will be Lit. 120,83 Bln, in reference to a cost claimed by TI to be Lit 640 Bln. The operators covering ca 43% of this cost will be TIM, OPI and Infostrada, respectively paying 28,1% (33,96 Bln Lit.), 13,8% (16,67 Bln Lit.), 1% (1,2 Bln Lit.). AGCOM has evaluated the net cost presented by TI and taken into account indirect and market benefits. This activity, in conformity with the provisions contained in national regulation, has been carried out by an independent advisor (a consortium between NERA, WIK and ERCS). In order not to impose an excessive burden on newcomers, AGCOM has set up a threshold for contribution to the fund of 1% of the revenues (fixed and mobile) minus payments for interconnection, leased lines and roaming to other operators. This provision has as a consequence that only operators with a significant market share will contribute to the fund. Furthermore, provisions have been included in the decision which will allow for the introduction of competition in the provision of universal service and will allow to ensure that indirect benefits are properly taken into account.

New authorisation regime

A general new authorisation regime, simplified and inclusive of satellite services, has been put in place -

current authorisation applications are being presented under the new regime to the Ministry of Communications which support the AGC in the process.

Carrier selection / preselection

Italy was one of the first countries in Europe to implement CS/ CPS also for local calls. Currently (Sept. 2000) over 18 operators are offering local calls over CS to residential customers, several more are offering local calls to business customers.

11 operators have signed (Sept 2000) CPS agreements with the incumbent. More than 120.000 numbers have been transferred to OLOs using CPS. The demand for Number Portability is still very low as OLOs are currently proceeding with the trials for local loop unbundling.

MVNOs (Mobile Virtual Network Operators)

MVNO operators will not be granted access before 2010, i.e. 8 years after the issue of the licences, so as to allow the licensees to recover the cost of their investments in network infrastructure, licence fees, etc.

Tariffs

The tariff rebalancing process was completed by AGC in 1999, while the price cap has begun its effect in 2000. Only recently Telecom Italia has partially agreed on delivering the needed data for analysis which might lead to a review of its regulatory system.

Cost accounting

The evolution of cost accounting methodology (from the historical cost methodology – fully distributed cost) to current costs, and possibly to Long Range Incremental Cost) is being achieved.

Leased lines

AGC has obtained from Telecom Italia a new set of offers, with an average reduction of 25% on previous prices. The offer is currently under evaluation by AGC.

B – DRAFTING OR TRIAL PHASE

Rights of way

Two rulings are under preparation. One on cabling in urban areas, the other covering backbones.

The aim of these rulings is to provide a common national framework to municipalities and road agencies to allow competitive infrastructure implementation. A public consultation will be launched in October 2000 with the aim of introducing the two ruling before the end of the year 2000.

Unbundling of the local loop

The technical details for the implementation of ULL were mandated with the determination 2/CIR/00 (http://www.agcom.it/provv/d2_00_CIR.htm) of 16 March 2000.

In order to enable the quickest development of ULL, the AGC has set-up a monitoring group which has the task of following on a step-by-step basis the implementation of ULL. This is aimed at minimizing the delay and the obstructionism inherent to ULL proceedings.

Currently 11 OLOs are sitting at the monitoring/implementation table and they are all negotiating with Telecom Italia. The results of this working group will be made public to the benefit of other OLOs, which were not ready for the first phase or that entered the market at a later stage. A trial phase is expected to begin at the beginning of October through December 2000 and AGCOM is currently reviewing Telecom Italia's RIO for ULL with regards to economic conditions (also with the support of a qualified consultant such as NERA) and to other aspects of the RIO such as procedures, services contained and service level agreements (SLA). A decision on this is expected by the end of

October.

Wireless local loop.

The introduction of WLL was partially delayed by the debate over the spectrum pricing in relation to the UMTS auction. Now the AGC has prepared a draft ruling covering the 24.5-26.5 GHz band, with a further extension to the 27-29 GHz band when the CEPT will have adopted the 28 GHz band decision, and the temporary authorisation to field trial in the 40-43 GHz band, whose deployment is uncertain due to the lack of suitable equipment.

6. Please provide a brief description of the responsibilities of the national regulatory authorities for public telecommunication services. Please highlight any changes over the last 12 months.

AGC (i.e. Autorità per le Garanzie nelle Comunicazioni) was established by Law 249/97, enacted on the 31st July 1997, which provided AGC with a broad set of competences, including the regulation of the whole communication system: television, telecommunications and press.

With respect to the telecommunications sector alone, AGC' s areas of responsibility may be briefly summarized as follows:

- interconnection market regulation;
- frequency planning and assignment to operators, in collaboration with the Ministry of Communications;
- licenses and authorizations;
- numbering allocation and management;
- tariffs regulation;
- verification of the accounting system of operators with SMP ;
- competition in the mobile phone sector; spectrum management for mobile frequencies;
- quality of service;
- distribution of information on the telecommunications markets.

In particular, the tasks are performed by two Commissions (Network & Infrastructure and Services & Products), each one composed by four Commissioners plus the President, and the Council, composed by eight Commissioners and the President

The main functions of AGC are to:

- advise the government on matters of technological innovation and market developments within the communications sector.
- guarantee pluralism in the media;
- promotes research and studies on technological innovation and development in the communications sector;
- issues licenses and authorizations and determines license fees and contributions;
- delivers its opinion on the measures adopted by the Competition Agency affecting operators in the communications sector;
- reports to Parliament on the activities undertaken and on its work program;
- issues administrative and pecuniary sanctions;
- delivers its opinion to the Ministry of Communications on the national frequency plan;
- defines the measures for ensuring security of network infrastructure. Together with the Ministry of Communications promotes the elimination of electromagnetic interference;
- sets down standards for decoders, in order to promote market development;
- maintains the Registers of telecommunications operators, press and broadcasters;
- defines objective and transparent criteria for interconnection and for access to telecommunications infrastructure;
- regulates the relations between carriers, service providers and users of telecommunications infrastructures; promotes technological agreements between operators and site-sharing agreements;
- settles disputes on interconnection and access matters;

- examines claims submitted by users for the interruption of service and adopts relevant guidelines;
- defines universal service obligation regulation;
- promotes interconnections between national telecommunications systems and those of other countries;
- defines the national numbering plans;
- intervenes in the disputes between incumbents and private users;
- monitors that radio-frequency thresholds are compatible with human health and verifies that such ceilings are not exceeded, taking into account also the combined effect of different electromagnetic emissions;
- ensures that services and products are supplied in conformity to the regulations in force;
- issue guidelines on the general level of quality of services and on the adoption, by each operator, of a service charter.

7. Are there any foreign ownership, size of shareholding or other ownership restrictions on individuals and corporations investing in the incumbent PTO(s) in your country? Yes/ No

No. Reciprocity under WTO rules apply

8. Are there any communication infrastructures or services (e.g. mobile, cable television, terrestrial broadcasting, satellite broadcasting) that PTOs in your country are not permitted to provide directly? In addition, please specify any restrictions on PTOs investing in companies that provide such infrastructure or services. Please include information on requirements by the incumbent PTO to divest cable networks.

According to article 8 of Law 249/97, which created the National Regulatory Authority and introduced provisions for the liberalization of broadcasting and telecommunication sectors, the incumbent telecommunication operator cannot be granted, directly or indirectly, a concession for broadcasting (TV and Radio) free-to air services on terrestrial frequencies. Besides, the incumbent cannot produce programs or provide services ("content") to local and national FTA licensed broadcasters nor collect advertising revenues for licensed broadcasters. This is due to the fact that the incumbent still operates under a concession, which will be transformed into a licence by the end of the year 2000. The incumbent already operates in the digital satellite broadcasting (pay-tv) with the Stream platform.

9. What selection procedures are used to grant licences for new Wireless Local Loop (WLL) and IMT-2000 services? (e.g. spectrum auctions, calls for tenders, government appointments, licence on request)?

With the deliberation n. 410/99, taken on December the 22nd 1999, the Italian National Regulatory Authority firstly set up the authorization system for the third generation mobile systems (IMT-2000), complying with the European decision n. 128/1998/CE.

According to the Italian relevant telecommunications laws, a multi-step process is required in order to proceed to the licences award, with coordinated activities between the National Regulatory Authority, the Communication Ministry and a Committee of Ministers, headed by the Prime Minister.

The selection procedure had been established to be a tender (in the Italian legal framework “licitazione”) by the stated deliberation n. 410/99, while the selection criteria have been recently enforced by the National Regulatory Authority, with the deliberation 388/00/CONS, taken on June the 21st 2000.

According to this regulatory framework, the candidates for a third generation mobile systems licence have to pass a qualification stage, very similar to a “beauty contest”, checked against technical and commercial suitability thresholds. Then the admitted candidates are allowed to enter the selection stage, based on the best economic offers, with increasing multiple rounds (auction phase). The procedure is a mixed auction.

The call for tender and the actual selection rules (both for the admission stage and for the selection stage or auction) were published in July 2000, under the supervision of the Ministerial Committee. The whole selection procedure should end by November 2000, when the Ministerial Committee sends the National Regulatory Authority the final bidders chart. After that the Authority will be able to grant the actual licences to the winners. This final act is expected within the year 2000.

The deliberations n. 410/99 and 388/00/CONS are available on the Italian Authority Web site www.agcom.it, as well as the call for tender and the tender rules (in English on the website of the Ministry: www.comunicazioni.it).

Wireless local loop.

The introduction of WLL was partially delayed by the debate over the spectrum pricing in relation to the UMTS auction. Now the AGC has prepared a draft ruling covering the 24.5-26.5 GHz band, with a further extension to the 27-29 GHz band when the CEPT will have adopted the 28 GHz band decision, and the temporary authorisation to field trial in the 40-43 GHz band, whose deployment is uncertain due to the lack of suitable equipment.

10. Under the communication regulation existing in your country how would national and international voice telephony services provided over the Internet, by entities other than a PTO, be defined and treated? Please mention any restrictions or obligations that may apply.

Articles 6 of Presidential Decree (DPR) n. 318/97 on general authorisations and licenses has been interpreted as including Internet service among telecommunications services other than voice telephony. From this interpretation it follows that Internet services are subject to the general authorisation procedure. AGC’s ruling on general authorisation, which is in place from July 2000, foresees that the provision of Internet access services is subject to a simple declaration.

Pricing (Questions 11 -12)

11. What, if any, conditions are applied to the tariffs set by PTOs? (Please include any price control information such as price caps or approvals and specify for which services they apply).

In Italy at present the AGC is responsible for price (tariff) regulation of the notified operator(s). Before the appointment of the AGC (March 1998) the Ministry of Communications was responsible for this task. In general, retail prices are no longer fixed. After July 1999, a price cap system on the prices of the incumbent is in place for the period 2000-2002. The incumbent's prices are regulated in different ways, depending on the service offered (different regulation regimes apply to fixed services, mobile services and data and value added services) and on the position of each operator in the market (in particular specific regulation applies to intermediate prices of operators with Significant Market Power either in the fixed services or in the interconnection market).

All operators in the market must respect two regulatory principles in their offering:

- transparency of prices;
- non-discrimination towards OLOs or ISPs.

Operators with significant market power either in the fixed services or in the interconnection services markets must also respect the principle of cost orientation of their prices (therefore cross-subsidisation is not allowed) in these (relevant) markets.

Cost orientation is checked through a specific regulatory accounting, certified by an independent auditor. At present cost orientation for fixed services is verified through a Fully Distributed Cost accounting system, while verification of cost orientation for interconnection services is moving towards the use of Long Run Incremental Costs accounting systems.

The tools used for price regulation of the incumbent operator also depend on the market structure:

- in the monopoly phase (until 31 December 1997) prices were subject to an ex-ante regulation, being fixed by the Ministry with a Ministerial Decree. In this phase prices were set in order to cover all costs incurred by the monopolist in providing the services and, taking into account the social policy objectives, cross subsidising among services was allowed;
- in the first months after market opening (until 31 July 1999) prices of the ex-monopolist were still regulated ex-ante, in order to allow tariff rebalancing by the Authority, that became operational in July 1998 and took over the responsibility for price regulation;
- from August 1999 the prices of the incumbent operator are no longer regulated. A price cap regime, that includes all voice services, aimed at stimulating efficiency gains in the incumbent's operations and at guaranteeing the diffusion of the benefits of competition to all customers (via the use of specific sub caps on the less competitive market segments), is in use. The price cap regime includes all voice services. There is a general cap covering all services and markets (inflation minus 4,5%, each year). There is a sub cap covering residential services, in order to ensure that some benefits are transferred to this less competitive market segment. There are also sub caps on access and on local calls, aimed at avoiding excessive price increases in market segments in which the incumbent still has a de facto monopoly.

Mobile operators are not subject to specific price regulation (for outgoing calls), even if they have significant market power in their market. This regulatory asymmetry among fixed and mobile services is under review within the 1999 Review of the EC.

Fixed to mobile services are subject to specific regulation since January 1999, due to the bottleneck nature of mobile termination. The Authority intervened twice during 1999 in order to reduce fixed to mobile prices (March and November) and to reform a pricing system dependent on the category of subscription of the called user. In particular, the origination and the termination in fixed-mobile calls are subject to a price ceiling. Italy has currently (one of) the lowest fixed-mobile termination prices anyway

Fixed to mobile calls

For the calls to mobile operators from the fixed network, the Authority has established in January 1999 the principle that the operator from which the call is originated determines prices. On this basis the Authority

has evaluated the content of interconnect agreement and in particular the relationship between the levels of outpayments Telecom Italia makes to mobile operators for call termination on their networks and TI's proposed retail prices.

Following its interim decision of 16 March 1999 (Determination n. 10/99) on fixed-to-mobile tariffs (which set criteria to determine the structure of retail prices for this kind of calls) and its determination of 7 September (n. 197/99) on the two largest mobile operators having significant market powers (TIM and OPI) in the interconnection market, the Authority approved on 6 December 1999 the new price structure for fixed-to-mobile calls and the corresponding mobile termination rates.

The objectives of the Authority's determination are two: the correction of the current price structure and a substantial re-balancing of each price component for fixed-to-mobile communications. The retail price is not set directly, but clear criteria for its definition are established.

The retail price is composed by two elements which are articulated as follows:

- the retention share of the fixed operator (Telecom Italia). The Authority has set a price cap for it (110 Lit./min, down from 172 Lit./min). Telecom Italia may differentiate its retention share into two different price "profiles" (residential and business) and articulate it in two price bands corresponding to the current ones for local calls, but is not forced to do so;
- the mobile termination rates. The Authority has set a price cap for TIM and OPI mobile termination rates (360 Lit./min, down from respectively, 475 Lit./min and 500 Lit./min). Furthermore, the termination rates can be articulated by TIM and OPI in two price-bands corresponding to the current ones for local calls. Their competitors' rates (WIND and BLU) will be negotiated with Telecom Italia.

In all markets price regulation is automatically withdrawn when operators do not have significant market power. Along these lines data and value added services are not regulated except for the notified operators. TI must provide a wholesale offer for ADSL services.

12. If communication discount schemes are available in your country please provide information on one or more popular schemes applicable to low users and dial-up Internet access users from the incumbent PTO. In the space below please indicate the main features:

Low User scheme:

On 1 June 2000 the NRA adopted a targeted tariffs scheme for the provision of voice telephony services to disabled users and users with special social needs. This includes a 50% reduction in the monthly line rental charge for families meeting specific economic criteria (annual income less than €6 713) and social criteria (e.g. unemployed breadwinner or breadwinner receiving an invalidity pension), and free line rental for deaf people who use special telecommunications equipment. The net cost of this measure has been included in the net cost of universal service, but identified separately. The special tariff scheme is expected to become operational in the course of 2001, pending the adoption of an implementing decision concerning the national social security service.

The incumbent considers that the adoption of special terms for users with special social needs guarantees the affordability of voice telephony services, making the current price cap mechanism regulating voice telephony tariffs obsolete and unnecessary. New entrants support the principle of financing US obligations out of general taxation; mobile operators consider that financing the fund with contributions from operators calculated on the basis of net revenues is a fair solution.

Internet Access Discount Scheme:

Last July 1st Telecom Italia 50% discount for each connection to a point of presence outside the local area expired. For the future no discount schemes are expected to be regulated or advised by the AGCOM.

Note: Low user schemes is a term sometimes applied by PTOs to schemes designed for segments of the community that are financially disadvantaged. A dial-up Internet user refers to a consumer accessing the Internet via a PC with a modem over the local public switched telecommunication network.

Numbering/Domain Names (Questions 13 - 14)

13. Please describe the numbering policy in your country. Please mention the responsible authority and whether portability (including geographic portability) has been introduced and for which services (e.g. 800 numbers, cellular numbers, local PSTN numbers).

Italy was one of the first countries in Europe to implement CS/ CPS also for local calls. Currently (Sept. 2000) over 18 operators are offering local calls over CS to residential customers, several more are offering local calls to business customers.

11 operators have signed (Sept 2000) CPS agreements with the incumbent. More than 120.000 numbers have been transferred to OLOs using CPS two months after the actual start of the implementation of several determinations by the NRA concerning CPS. The demand for Number Portability is still very low as OLOs are currently proceeding with the trials for local loop unbundling.

Numbering resources are given to the operators owning an individual licence for the provision of fixed and mobile telecommunication networks and services.

Four classes of numbering are defined for the following services:

- Special national services
- Mobile services
- Geographic services
- Non-geographic services

For each class, specific rules are specified for the management and the allocation of numbering resources. All the requests are satisfied on a first-in/first-out basis, within a pre-defined timetable. Operators are charged for the use of numbering resources, according to the type of number obtained (fixed format number, access code, etc.).

Special national services include emergency services, public utility services and customer care services. As for the latter, codes are assigned to the telecommunication services operators for the access to their customer care centres only. As for the remaining services, codes are assigned on request by the competent administrations.

For mobile services, operators receive a number of prefix codes and are responsible for the allocation of the subscriber numbers.

As far as geographic services are concerned, numbering resources are assigned to the requesting operator in blocks of 10.000 numbers per local area. Operators can specify (and obtain, if available) a preference for the numbering of the block(s).

Non-geographic services include, inter alia, toll-free numbers, VAS, premium rate services, shared cost services. According to type of services, numbering resources are assigned in single number or in blocks of

100 numbers. Operators can specify a preference for the single number or the block(s) requested. Finally, specific rules are defined for the allocation of carrier selection codes.

In order to increase the availability of numbering resources and to improve the efficiency of the use of these resources, the Authority periodically reviews the relevant regulation.

In the last revision, dated 21 July 2000, a new numbering scheme for Internet access has been introduced.

The Authority has the responsibility of defining regulations for the management of the numbering resources. This regulatory function is supported by the work of the National Numbering Commission, set-up by the Minister of Communications and composed of representatives from the incumbent, the OLO's, the Authority and the Ministry of Communication.

Currently, the Ministry of communication, in collaboration with the Authority manages numbering resources.

Number portability has been introduced by the Authority Deliberation 4/CIR/99 on 1 January 2000. This regulation lays down the rules for the provision of the Service Provider Portability for :

- geographic numbers, within the local area only;
- non geographic number, restricted to toll free, shared cost and premium services.

As far as mobile number portability (MNP) is concerned, the Authority has deliberated its introduction on 30 June 2001. The technical characteristics and the procedures for MNP are currently under definition.

14. Which organisation is responsible for the administration of your Internet country code top level domain names. (An example of a country code top level domain name is .be for Belgium). Please provide any details of any recent policy initiatives relating to country code domains.

Italian Naming Authority (www.nic.it) and Registration Authority are the regulators on registration of top level domain in Italy (.it)

Interconnection (Questions 15-16)

15. Interconnection between fixed networks

TI's RIO is updated annually, and the NRA has regularly extended the number of services included and reduced the prices. Interconnection charges are in line with best practice at EU level for local access, single transit and double transit. The NRA has continued its policy of ensuring that the interconnection regime is the least restrictive possible.

Interconnection between fixed networks.	Yes /No	Details
Are PSTN interconnect or access charges a matter for commercial agreement between operators? And if so, is there provision for arbitration and by whom?	Yes /No	Interconnection agreements between non SMP operators are regulated by commercial agreements. Telecom Italia, as a notified SMP operator, has to publish an annual reference interconnection offer. NRA, according to national legislation has arbitration and dispute resolution powers in this matter.
Is there a requirement on the incumbent to publish the rate for PSTN interconnect or access charges?	Yes	See above
For the purpose of establishing interconnect or access charges is accounting separation used?	Yes	
Once the interconnection or access charge of the incumbent has been established, is it available as a standard rate for other service providers (including other PTOs and resellers)?	No	The reference interconnection offer (prices and services) is available only for licensed operators
Does regulation specify that competitive service providers can collocate facilities on the same site as incumbent PTOs? (Please indicate whether resellers and Internet Service Providers can collocate equipment under the same terms and conditions as PTOs without being designated as a PTO?)	No	Co-location is provided as an ancillary services for interconnection and so it is available only for licensed operators.
What kind of interconnection accounting methodology (e.g. LRIC, FDC, etc.) is used for calculating the incumbent's interconnection charges?		Incumbent defines its own interconnection charges on the basis of its historical costs and using its proprietary FDC methodology. NRA verifies the consistency of incumbent's proposal with its declared costs, also in light of EU best practice provisions A transition towards current costs is foreseen for the RIO 2001.
Is carrier pre-selection implemented? If so, please describe the coverage of carrier pre-selection (e.g. local, long-distance and international).		The carrier pre-selection (in the equal access modality) has been introduced in Italy as of 1st January 2000. Two different profiles have been defined for the service: a) long distance and international calls; b) the same as profile a) plus local calls, Initially only carrier pre-selection under profile a) was fully available while profile b) was made available in May 2000 in the main cities and nationwide from June 2000. The Authority is currently investigating the possibility of introducing further profiles for the use of the carrier pre-selection facility.

16. Fixed to Mobile Network Interconnection

	Details
Are termination rates to mobile networks published?	Yes, they are determined by AGCOM Decision 338/1999, for SMP mobile operators (TIM and OPI)
How are the termination rates for fixed-to-mobile calls determined in your country (e.g. commercial negotiated between operators, determined by mobile operator or other)?	See above for SMP mobile operators; the other two mobile operators (Wind and Blu) can negotiate their own termination charges
Are these rates subject to any regulation (e.g. must they be cost orientated if operators have significant market power)?	Yes they have to be cost oriented for the significant market power mobile operators (TIM and Omnitel)

Unbundling (Questions 17 -18)

17. Please describe initiatives for local loop unbundling and indicate when unbundling policies were put in place or the expected date of implementation.

<p>The Authority has decided to impose unbundling of the local loop on the fixed incumbent operator. The services which have to be offered are the following:</p> <ul style="list-style-type: none"> - access to raw copper - access to fiber - bit stream access - permanent virtual circuit - extension capacity from remote MDF (main distribution frames) sites to the local exchange (SGU) - co-location capacity <p>The decision has been adopted on 15 March 2000 and it is expected to be fully implemented by the end of 2000. The technical details for the implementation of ULL were mandated with the determination 2/CIR/00 (http://www.agcom.it/provv/d2_00_CIR.htm) of 16 March 2000.</p> <p>In order to enable the quickest development of ULL, the AGC has set-up a monitoring group which has the task of following on step-by-step basis the implementation of ULL. This is aimed at minimizing the delay and the obstructionism inherent to ULL proceedings.</p> <p>Currently 11 OLOs are sitting at the monitoring/implementation table and they are all negotiating with Telecom Italia. The results of this working group will be made public to the benefit of other OLOs which were not ready for the first phase or that entered the market at a later stage. A trial phase is expected to begin at the beginning of October thru December 2000 and the AGCOM is currently</p>

18. Please provide the prices for access to unbundled local loops and specify the service on offer (e.g. raw copper, DSL subscriber line).

<p>The incumbent operator has proposed prices for the services as indicated below. These prices are currently under revision by the Authority, as they are an annex in the Reference Interconnection Offer.</p>

UNBUNDLING OF LOCAL LOOP (ULL)		
Access to unbundled local loop operational (yes/no, as of which date)	Full unbundling of the local loop	ULL in general: expected start Jan 2001 Full unbundling: Yes (copper and fibre)
	Shared access to the local loop	Possible under current regulation as special access but not requested by OLO
	High speed bit stream access	Yes wholesale – in general available as specific subsidiary services
Number of lines for which unbundling is operational	Full unbundling of the local loop	RIO published in May 2000, under evaluation by NRA; negotiations under way and trials expected to begin in October
	Shared access to the local loop used by the incumbent	Expected start Jan 2001
	Shared access to the local loop used by the alternative operators	Expected start Jan 2001
Number of new operators with ULL agreements in place	Full unbundling of the local loop	No ULL agreements in place; 11 operators should begin trials in beginning of October and are negotiating a temporary agreement for the trial phase
	Shared access to the local loop	/
	High speed bit stream access	In place (ADSL wholesale)
Price charged for ULL (monthly rental and connection ¹ , in national currency, excluding VAT)	Full unbundling to the local loop ²	26.300 lire copper line rental (not approved by NRA)
	Shared access to the local loop used by the incumbent (internal price)	
	Shared access to the local loop used by the alternative operators	
	High speed bit stream access (wholesale ADSL price for alternative operators)	The prices differ according to quality levels. In any case maximum prices for DSLAM access and termination on local ATM node for a lot of 100 ADSL lines are: Class 1 (PCR 10kbit): 623.000 Class 2 (PCR 20kbit): 698.000 Class 3 (PCR 50kbit): 821.000 Other classes are available
Pricing methodology for ULL ³	Long Run Incremental Cost	
	Long Run Average Incremental Cost (LRAIC)	In the future will possibly move to LRAIC
	Forward Looking LRAIC	
	Fully Distributed Historical Cost	YES
	Fully Distributed Current Cost	
	Embedded Direct cost	
Others (specify)		

Consumer Issues (Questions 19)	Details
<p>In the context of universal service policies, which elements of telecommunication service are considered as part of universal service in your country?</p>	<p>The national regulation defines as “universal service” a minimum set of services of a specified quality, which is available to all users regardless of their geographical location and, in the light of specific national condition, at an affordable price.</p> <p>The elements of telecommunication services considered as part of the universal service are :</p> <ul style="list-style-type: none"> ▪ provision of voice telephony services that include : <ul style="list-style-type: none"> - national and international calls; - fax communication (Group III at the minimum); - data transmission via modems, at a rate of 2400 b/s at the minimum; - free access to emergency services; - access to telecommunication services through operator assistance; ▪ provision of directories of subscribers in the local <i>area</i>; ▪ directory enquiry services; ▪ public pay-telephones; ▪ the provision of services under special terms and facilities for disabled users and people with special social needs; ▪ the provision of telecommunication links and services of general public interest, with specific reference to public security, public aid, national defence, justice, education and government.
<p>Please provide details of any explicit funding mechanism for addressing universal service and its coverage (this can include initiatives related to infrastructure in respect to addressing digital divide issues).</p>	<p>Art 3, DPR 318/97 provides an explicit mechanism for financing US.</p> <p>The start up of the mechanism is subject to an yearly NRA decision.</p> <p>Since 1998 the mechanism hasn't been put in operation; NRA is now dealing with for 1999 analysis</p>
<p>Is the cost of providing universal service calculated? If so please provide the latest annual costing.</p>	<p>following the assessment of an independent auditor, the NRA had decided that no sharing mechanism was to be implemented for the 1998 financial years. With regard to financial year 1999, the NRA decided to set up the sharing mechanism. TI, which has a universal service obligation under Italian legislation, provided its net cost estimate of €295 million for financial year 1999, taking account of indirect benefits. An independent auditor assessed TI's calculation, and reduced TI's estimate of the net cost by almost half. The NRA further reduced this amount to about €62 million. This reduction is mainly due to the calculation of indirect benefits (about €48 million) and the exclusion from net cost of profitable universal services (such as directory services).</p> <p>The contribution of each operator is calculated as a</p>

	proportion of its revenues less interconnection, leased lined and roaming costs. The sharing mechanism extends to mobile operators. The contributors will be as follows: TI (€35.6 million, 57% of the total); TIM (€17.5 million, 28%), Omnitel (€8.6 million, about 14%) and the largest fixed operator Infostrada (€0.6 million, 1%). New entrants are exempted from contributing to the fund if their share of contribution is less than 1%.
What percentage of telephone subscribers do not have access to an Internet service provider's point of presence with a local call?	TIN declared that with its "premium network" all telephone subscribers have Internet access with a local call; almost all of the switches of the incumbent are digital.
What is the average monthly online time for a subscriber to the largest PTO's Internet access service (e.g. number of hours).	Some 30 minutes per day Source: evaluation on Niche Consulting data, 2000
What is the average household consumption expenditure of telecommunication services in your country? Please provide the data in local currency and specify the year of the survey. Please indicate which of the following telecommunications services are included or excluded -- fixed PSTN services, cellular mobile services and Internet access -- or provide a definition of the indicator used in your country.	In 1999 some 1.800.000 ITL Data includes mobile and fixed PSTN services (source: evaluation on IDC data)

Consumer Issues (Questions 20)	2000	2001	2002	2003
Please report any estimates of the potential coverage of access lines with DSL by the end of the following years (as a % of total subscriber lines) by the incumbent(s):	18.000 Source: estimate IDC, all operators (not incumbent only)	115.000	530.000	1.380.000

¹ Excluding co-location costs.

² Price of access to one copper pair.

³ Specify if different price methodologies are adopted for the different services listed above.