

Telecom Italia needs to sell grid control, Bassanini says the country risks return to a monopoly of its phone industry the Eu won't allow it, Bassanini said in an interview

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By Daniele Lepido

(Bloomberg) --Italy currently risks returning to a monopoly of its phone industry if Telecom Italia SpA doesn't cede control over a national single network that is being considered by the government, Franco Bassanini, a former minister and Chairman of Open Fiber SpA warned in a phone interview on Wednesday.

The public debate over Italy's single network escalated last week when the Italian government interrupted Open Fiber rival Telecom Italia's board meeting and halted the partial sale of its network to a private equity firm, just as executives were about to approve the deal.

Bassanini said European authorities would reject any outcome that kept Italy's network under one provider controlled by Telecom Italia.

"A vast majority of Italian parties already said that's not possible and it doesn't assure a strong acceleration of investments in digital infrastructure," said Bassanini. "I don't think there's a chance in the world that the EU's antitrust commissioner Margrethe Vestager could give her green light to a plan where Telecom Italia keeps its status of vertical integrated carrier and obtains to replace the infrastructural competition with a new network monopoly."

Telecom Italia shares declined 0.6% at 10:55 a.m. in Milan trading, giving the company a market value of 8.1 billion euros (\$9.6 billion)

The Italian government, led by Premier Giuseppe Conte, is attempting to encourage local players to build a single national network. Telecom Italia's Chief Executive Officer, Luigi Gubitosi, is pushing to combine Telecom Italia's landline grid with Open Fiber, with the goal of creating a national ultra-fast single network. Gubitosi has reiterated that Telecom Italia won't cede network control.

Open Fiber is a government-backed joint venture between Enel SpA, Italy's largest utility, and state lender Cassa Depositi e Prestiti SpA.