

Mr President of the Senate, Authorities, Ladies and Gentlemen

1. Let us begin by reading the figures that illustrate the activities carried out by the Italian Competition Authority (hereinafter ICA or the Authority or the Competition Authority) from 1 January 2015 to 8 June 2016.

The fines imposed in application of antitrust enforcement amounted to 433 million euro. The fines resulting from consumer protection proceedings amounted to over 71 million euro. In the period January 2014-June 2015, fines were 266 million euro and 30 million euro, respectively. So there was a respective increase of 63 per cent and 137 per cent.

During the reporting period, the following cases were closed: 19 anticompetitive agreements, 4 abuses of dominant position, 9 mergers (in 57 cases, the ICA decided not to initiate proceedings, having considered the merger unlikely to lead to the creation or strengthening of a dominant position in the relevant markets). The Authority closed 18 proceedings with the finding of an infringement and a fine. Five proceedings were closed with commitments. In one case, the investigation was concluded with no finding of an antitrust violation. The average duration of proceedings was one year and a half, significantly less than the proceedings before the European Commission.

During the same period, the ICA also completed 5 market investigations (including 3 in 2016).

As for consumer protection, the Authority concluded 129 proceedings with the imposition of fines, 23 with commitments. There were 7 cases of misleading advertising, all closed with the imposition of a fine. For the first time, the new provisions regarding unfair trading practices in the sale of food and agricultural products were applied: 2 cases were conducted and 1 led to a fine.

The Authority has taken many initiatives to encourage public administrations to remove anti-competitive conducts, including interventions pursuant to art. 21 bis of the Italian Competition Law. This is an activity midway between enforcement and advocacy, which led to 25 opinions being issued: in 60 per cent of cases administrations conformed to our opinion; in 10 cases, the Authority lodged an appeal to the TAR (Regional Administrative Court).

The ICA issued other 87 opinions, sometimes pursuant to a public administration's request. Of these, 16 were requested by Consip and 18 by the *Presidenza del Consiglio dei Ministri* concerning the scope of regional laws.

Regarding advocacy, the ICA adopted 21 recommendations, addressed at political and administrative bodies for the removal of anti-competitive regulations.

With regard to "other competences", the Authority carried out 51 proceedings relating to conflicts of interest and 1,843 for release or renewal of the "legality rating".

2. Having set forth data and the trends, we may ask how useful such extensive intervention by the Competition Authority is in this period of profound change. Of course I do not mean to take up the threads here of a long debate about the aims of competition policy, but rather I would like to highlight the objectives and the impact on social welfare that specific interventions by the Italian Competition Authority have in the current historical moment.

A premise should be stated: the "great transformation" in which we are immersed inevitably interacts with the role and functions of competition authorities. The necessary independence of the members of the Authority from influences and interference from political power does not mean that the ICA exists in a bubble separate from economic, social and political dynamics. Different phases of antitrust in

Europe and the United States have always been affected by the changes in the relationship between the market and state intervention and by the prevailing economic ideas and theories.

We all know the main forces that have prompted the change. In particular, economic globalization, Europe's internal market and the creation of the euro, the emergence of the Internet and digital technologies. Everything has happened in an extremely short time.

The digital revolution has been one of the forces favouring globalization. Now the digital economy is no longer one of the sectors of the economy, but forms the backbone of the economy of the 21st century, made up of the Internet, online platforms, e-commerce, industrial robots, the Internet of Things.

In the 18th century, the steam engine was the technological foundation that triggered the Industrial Revolution, and with it the full emergence of the market economy, which then brought about unprecedented social and political transformations; today the exponential growth of the capacity of microprocessors ("Moore's law"), together with the ability to develop ever more sophisticated algorithms and online business models, are changing profoundly the structure of the economy and perhaps society itself. Among the many aspects of the resulting structural changes, I will mention only a few.

The first is that access to digital services is an essential component of competitiveness in the new economy, and that the digital economy, in order to function and express its growth potential, requires a network infrastructure with high-bandwidth connections.

The second is that there is no separation between the material and immaterial dimensions of existence. As has been noted, the Internet has become "the user interface of the material dimension". In fact, to be able to perform an activity, it is increasingly necessary to rely on online platforms, which thus act as gatekeepers, and are able to control access to the market.

The third is that the new digital markets are driven by "destructive" innovation. Disruptive innovation is that which destabilizes and changes the market dramatically, marking a phase of discontinuity in its evolution. It's not about incremental, regular and predictable, technological improvements but about revolutionary discoveries - of products, production processes, but also business models - that lead to unexpected changes in the ways production, trade and value chains are organised. Incumbent operators are often caught off guard by these radical changes and tend to react with strategies to limit and contain the destructive effects of technological innovation. This is happening, for example, with the sharing economy, where we are witnessing, among other things, to the conflicts between platforms like Uber and Airbnb, on the one hand, and taxi drivers and traditional hotels on the other.

Finally, the trend in digital markets is towards the creation of new monopolies, because the successful innovator can reap the benefits arising from economies of scale, network externalities, and the ability to win over consumers in a global dimension. The new monopolists have brought to society the benefits of innovation, but there is the risk that they will use their market power to prevent others from innovating, or to take advantage of consumers.

3. "The Great Escape" is not only the title of a famous 1963 film about the escape of a group of soldiers from a prison camp in World War II, but it is also the title Angus Deaton - one of the leading experts on economic development - gave to his book describing the great historical process that began in the 18th century and enabled masses of individuals to escape from poverty, disease and deprivation. Economic growth has been the engine for overcoming poverty and material deprivation. This occurred with the Industrial Revolution in the 18th and 19th centuries and, most recently, with globalization, which has brought economic wellbeing even to those who had previously been excluded.

The main key to progress has been the innovation that arises from new knowledge, inventions, new ways of doing things. And then, their diffusion and growth in a wide array of businesses. Thus the opportunity to trade goods and services in ever-widening markets.

All of the most significant moments of progress have left a legacy of inequality, partly because periods of innovation generate waves of "creative destruction". New methods sweep away old ones, negatively affecting means of livelihood for the groups who lived under the old order. The fall of national barriers and the opening of markets have similar effects. In fact, the import of cheap goods is just like a new way of producing them and becomes a curse for those who made a living by producing those goods in their country. Even greater are the disruptive effects of the digital revolution on traditional markets, so that conflicts grow between those who benefit from innovation and those who lag behind. The Internet is not the realm of harmony and freedom, as suggested by a certain kind of technological millenarianism, but the battlefield for new conflicts in the 21st century.

These distributive conflicts increase today because the world, especially the rich one, struggles to grow, and almost everywhere, and certainly in Italy, the slowdown in growth has been accompanied by increased inequality. All this undermines social cohesion, the legitimacy of democracy and its ruling classes, but also has very dangerous economic effects. On one hand, the loss of income, mainly in the middle class, weakens domestic demand; on the other, the concentration of wealth can push those who have already escaped to block the way to those who trail behind them. These groups increasingly pursue rent-seeking behaviours, replacing competition on merit with concerted practices, extorting privileged regulations from political decision makers, or obtaining preferential treatment from public administrations.

Already in the 1980s, Mancur Olson predicted that rich countries would enter into a phase of decline, driven by the pursuit of rent-seeking behaviours by a growing number of groups with narrow interests, exclusively intent on pursuing their affairs at the expense of unorganized majorities. In present times, we see vigorous complaints against crony capitalism (from the US to the UK) and "*capitalismo di relazione*" (Italy).

Rent-seeking, on the one hand, acts as a brake on innovation and thus makes the economy stagnant and, on the other hand, increases inequality. In fact, in this case the advancement of some occurs at the expense of the others. The economic improvement of the former is not achieved because they produce more wealth, but because they get a greater share of wealth at the expense of others. This is why those who believe that one of the causes of the 2008 crisis was excess inequality advocate for the strengthening of antitrust action (Stiglitz).

4. Certainly, the Competition Authority will not solve many of the momentous issues I have mentioned. In fact, addressing those issues is the responsibility of multiple actors and different institutions, primarily political institutions. But the ICA can make (and currently is trying to make) its contribution, of course within the limits of its powers.

Most of the problems I have mentioned, albeit very briefly, involve the Competition Authority. In fact, we talked about replacement of competition with rent-seeking behaviours, about the crucial role of innovation and the attempts on the part of those who have a strong market power to block it. We talked about the emergence of new monopolies and new gatekeepers, about protectionist and anti-competitive pressures and their effects on public decisions, about anti-competitive regulation, and about inequalities, which also increase as a result of those who have enough market power blocking competition and exploiting consumers.

The Competition Authority interacts with the change, is affected by it but at the same time influences it, is conditioned by it and reacts to it, in a set of actions and reactions. But in doing all this, the ICA is not alone, because it operates within a network of close cooperation with the EU Commission and the competition authorities of other Member States. Therefore, in order to understand what the Antitrust

Authority does today, it is essential to look at the constant dialogue that develops between Palais Berlaymont in Brussels, the Piazza Verdi offices in Rome, the authorities located in other European capitals, and, in some ways, even to the stimuli that come from the global circuit of antitrust authorities (worldwide, there are 104 competition authorities affiliated with the International Competition Network).

To frame the challenges that the ICA is facing in Italy, I referred to a European and sometimes even a global context. Certainly, there are Italian specificities, and common problems must be viewed in light of the characteristics of our economy and its production system. These features were highlighted by the President of Confindustria, in his recent annual report to Confindustria's board. Among other things, he stressed the dual nature of the Italian business system, with some companies that innovate, export and compete in global markets, and others unable to keep up, as well as the productivity deficit that penalizes the country. Modernization of that part of the industrial system that has been left behind must be encouraged through several policies, and most notably the reduction of the tax wedge on labour (as recently highlighted by the OECD), the growth of firms, the development of forms of finance other than bank credit, strong support for the internationalization process, as well as that set of interventions by the neo-Minister for Economic Development now underway. Also important is the growth of competitive pressure, which, among other things, stimulates efficiency and innovation.

The importance of supply-side and competitiveness measures for growth, and of stimulating innovation, increase in those countries such as Italy which are confronted with the heavy burden of public debt. In fact, the latter poses significant limitations to the possibility of conducting growth policies mainly based on fiscal stimulus. And this limit exists independently of European rules and their margins of flexibility.

5. Recent Antitrust interventions face some of the challenges posed by the "great transformation".

Let us start with innovation. Today, innovation is increasingly synonymous with the digital economy. When talking about the digital economy the most urgent issue that the country faces is to have a network infrastructure that has adequate bandwidth capacity to use modern ICT and makes it possible to achieve the goals of the European Digital Agenda (and, in particular, by 2020, giving access to 30 Mbps connectivity to every European and half of the households a subscription at 100 Mbps). This is the condition for entering the Industry 4.0 era. It is not the ICA's task to develop public policies that lead to this result. But the ICA can help to define a framework that promotes innovation in the network.

Several interventions fit into this perspective. The first was the decision some time ago to fine (104 million euro) for an exclusionary abuse the incumbent Telecom Italia, which, empowered by control of the essential facility of the copper fibre network, blocked competition by alternative operators in offering broadband Internet connection services. The incumbent had the incentive to exploit control of the existing network (i.e. rent-seeking) rather than invest in infrastructure to provide better quality services. That decision altered the framework of existing incentives for more competition and innovation. It showed that, in a strategic sector for the digital economy, a level playing field in Italy is truly guaranteed, and that rent-seeking behaviour is countered while competition on merit is encouraged.

The Authority's decision, entirely confirmed in 2015 by the Council of State - whose jurisprudence contributes authoritatively and wisely to defining the "living law of competition", even in those cases in which it does not sustain the ICA's findings - finally induced Telecom Italia to start, last year, a large-scale process of internal reorganization, to ensure equal treatment for all requests for access to the network, regardless of whether they come from Telecom Italia or other operators. The incumbent's behaviour is opening up to competition and innovation, demonstrating the fact that the

effects of the intervention by the ICA go far beyond the mere imposition of fines. The Authority is monitoring very closely the implementation of this reorganization process in carrying out its decision.

In the same sector, during 2015, the ICA imposed a fine of 28 million euro for a cartel involving network maintenance services, which limited competition and prevented the evolution towards forms of unbundled provision of ancillary technical services. It hampered Telecom Italia's competitors (keeping control of maintenance services is equivalent to retaining full control of the network, which can also be exploited to the detriment of competitors). Also in light of the ICA's findings, AGCOM decided to introduce new forms of unbundling and outsourcing of services related to activation and maintenance activities.

With regard to the network infrastructure, the ICA also conducted, jointly with AGCOM, a market investigation on ultra-broadband. The market study stressed that it is necessary to create an ultra-broadband infrastructure that makes large use of optical fibre, as well as the need for any network development solution to fully ensure competition among Internet access service providers. The market investigation provided some proposals that were taken into account by the Government for the development of the Italian strategy for ultra-broadband. With a clear distinction of roles, the ICA has interacted with the process of implementing this strategy, releasing opinions on the calls for tenders for public funding of new fibre networks in market failure areas (clusters C and D).

I recall that public funding of 3.4 billion euro has already been allocated for the construction of the fibre optic network, which can have important effects on the productivity of the Italian economic system. According to recent analysis conducted by Istat, the effect of public investment on the productivity of microbusinesses (with three to nine employees) will range between 7 per cent and 23 per cent.

In the outlined context, the possibility that the ownership of the copper network can be a source of rent-seeking is definitely waning, with the result that the road to innovation-based competition is open. We live in a period of remarkable dynamism. A new, non-vertically-integrated operator has been established, which aims to realize a vast fibre network (Enel Open Fiber), and has announced investments of 2.5 billion euro; Telecom Italia has launched an extensive investment plan in fibre-optic networks (3.6 billion euro). The Competition Authority continues to be vigilant to ensure that this new dynamism is based on competition that produces innovation, and that no actor (including new ones) seeks advantages by exploiting any form of cross-subsidy.

Industrial policy, the ICA's decisions and actions by the sector regulator interact virtuously – with a clear distinction of roles - resulting in one of the most important economic modernization processes in the history of the Republic.

6. Faced with the market power of the new web giants and possible abuses, it is the EU Commission's task to intervene (consider the two open cases involving Google). But the Italian Competition Authority is also doing its part.

Recall the case involving Booking.com (and Expedia), with particular reference to a clause - the so-called Most Favoured Nation - which was inserted in contracts with hoteliers. Basically, it forbade accommodations from offering hotel services at better prices and conditions through other online booking agencies, and in general, through any other booking channel (including direct sales made by the hotels through their own websites or by telephone). This is a constraint which might limit competition and innovation from other online platforms, as well as from other channels that can be activated by the same hotels.

The proceedings were closed by accepting the commitments offered by Booking, simultaneously and in the same way before the competition authorities of Italy, France and Sweden (example of

cooperation among authorities within the European Competition Network). The commitments have allowed hotels to have full freedom to define the economic conditions offered on competing online platforms, on their offline sales channels, as well within their loyalty programs. The scope of the clauses in question, therefore, is restricted exclusively to prices and other conditions publicly offered by hotels through their direct online sales channels, in order to avoid free riding.

It is important to emphasize that, following antitrust intervention, the market has increased in dynamism and innovation. Besides Booking and Expedia, new and qualified competitors have entered the market (most recently American Express); we have witnessed the transformation of Tripadvisor from mere meta-search engine to a real online booking platform, and the trend has developed for other booking platforms to further diversify their services to meet the needs of particular types of consumers.

On the opposite side are other cases in which innovation that develops on the web is hampered by behaviour or regulations designed to protect some operators in more traditional markets. Great resistance is faced by platforms in the so-called "sharing economy". The sharing economy widens the range of consumer choice, offers innovative and different services from those of traditional markets, allows the use of resources that would otherwise be unused, lowers prices, and enables access to certain services by consumer groups who do not benefit from traditional services.

For these reasons, the Italian authorities have started to remove many obstacles experienced by these forms of economic activities based on sharing rather than on exclusive availability. We cannot, however, underestimate the new problems that arise, particularly with regard to consumer protection in peer-to-peer transactions and to taxation. But these problems cannot be solved by extending existing rules for more traditional services to new activities (such as those concerning taxi service and hotels), without killing the new business models. Rather, a slight adjustment must be thought of, based on the principle of proportionality, so as to introduce only the strictly necessary rules for protecting fundamental public interests (such as passenger safety). The draft bill on the sharing economy submitted by some members of Parliament from different political parties goes in the right direction, and the ICA hopes that it will be examined by Parliament as soon as possible.

In addition to advocacy, the ICA has dealt with the "sharing economy" in two cases. The first concerns Uber and consists of an opinion delivered to the Interior Ministry, at the request of the Council of State, which gives a constitutionally oriented interpretation of legislation on private hire vehicles, so as to prevent its being formally extended to block new Uber services (in particular the provision that the car should be returned to the garage before taking a new passenger on board). The second case concerns Airbnb and refers to a regulation adopted by the Lazio Region which introduced unreasonably burdensome and disproportionate requirements for non-hotel accommodations, the application of which would paralyze this kind of activity. The Authority, therefore, appealed this regulation to the TAR, ex art. 21 bis of the law.

7. One of the most important components of the digital economy is e-commerce. It allows businesses to reach new customers, widens the choices of consumers, makes the market more transparent and thus helps lower prices, and encourages companies to adopt models of promotion, distribution and contact with the most innovative consumer. There is a positive correlation between e-commerce, innovation and growth. Italy still lags behind many European countries, but in the last year has expanded the use of e-commerce by businesses and consumers (in 2015, in Italy, one in four consumers purchased goods and services online and 6.7 per cent of Italian firms sold online).

While e-commerce offers new opportunities, it also produces new pitfalls for consumers, because those who buy online are faced with new purchasing methods as they are exposed to strong emotional stimuli and cognitive distortions, and since it is easy to create misleading information. The procedure to protect consumers in the new digital markets, therefore, is a priority of the ICA.

The continuity of this intervention is also important for two other reasons. First, providing greater security in digital market transactions is conducive to reinforcing consumer confidence and thus to promoting the success of e-commerce. Second, effective consumer protection indirectly promotes competition. Acting on demand rather than supply, it disciplines the behaviour of businesses, preventing some from making use of unfair competitive advantages based not on merit but on the ability to exploit the weaknesses of the consumer, and facilitating mobility of demand. In the digital world, where everything happens quickly, using consumer protection tools allows the ICA to intervene considerably faster than by employing the instruments to safeguard competition.

During 2015 and the first months of 2016, the ICA moved along three main lines: a) stopping sales activities by online companies that fail to deliver purchased goods and do not refund payment; b) blacking out sites selling counterfeit products for the Italian consumer; c) regarding large global platforms, ensuring compliance with pre-contractual information obligations and adequate protection of post-sales rights.

Regarding the first area, fourteen cases were conducted, eleven of which resulted in the imposition of fines. The Authority considers intolerable practices that lead to goods being purchased online not being delivered as well as the provision of misleading information on the status of misplaced orders and the delivery of goods.

Regarding the second area, the ICA, with the indispensable collaboration of the *Guardia di Finanza* (Italian Finance Police), has taken steps to black out more than 400 sites that offered counterfeit products. These are sites selling products that are very similar to, in many cases real clones of, the official known brand supplier sites.

Regarding the third area concerning big players in the online business, the ICA, using moral suasion, has requested and obtained changes of their websites to ensure completeness and accuracy of information prior to the conclusion of the online contract. In the case of Amazon, closed with the imposition of a penalty, the ICA found that when the sales platform operated as a marketplace, it did not provide clear and accessible information as to the identity of the seller, the role played by Amazon in the transaction, post-sales assistance by third parties, or the legal guarantee. Many consumers, despite having purchased on the Amazon site, became aware of their actual contractual partner only when the product was defective or other irregularities occurred in the use of the goods purchased. Amazon is changing some aspects of its site to comply with the Authority's decision.

In this way the principle has been established that, even though the intermediary is not the provider of the service to the consumer, it must nevertheless ensure adequate information standards. This also applies to the ICA's intervention in the case of premium services, which led to fines against the main mobile telephone providers. The latter, in fact, did not warn customers that with a simple click, while surfing the Internet via smartphones, they would set up a premium rate service. Following the ICA's intervention, which also contested operators' non-compliance with the notice, the operators completed control systems and have established procedures that require a "double click" by users.

Further interventions regarded car insurance comparison websites. In these cases, which were closed with the imposition of fines, deficiencies were found in transparency of information on the type of activity, extent and representativeness of the comparisons, as well as the calculation methods of advertised discounts.

Also in the communications sector, the ICA concluded important proceedings for teleselling, by some of the major telephone companies, but also active players in the television industry and the electrical energy sector.

8. Innovation affects also the ICA's competence on merger control. Here the fundamental task is to keep mergers from giving rise to market power strong enough to damage competition. But a merger, with the synergies it creates, can produce beneficial effects on firms' ability to innovate. The Authority is committed to find a balance between these two needs.

From 1 January 2015 to 8 June 2016, nine proceedings for mergers were closed in phase two (i.e. after an in-depth investigation). These numbers mark a significant increase compared to previous years. In 2015 alone seven mergers were examined in an in-depth investigation, the highest number in the past twelve years, a sign of greater dynamism and profound restructuring in the affected markets as a result of major technological and economic changes taking place.

It is significant to note that four of these mergers involved the media sector, which is strongly feeling the pressure from the rising web economy, and has been subject to profound changes around the world.

The Authority has dealt with the proposed acquisition of the RaiWay Towers by EI Towers (withdrawn by the parties after the results of ICA's investigation), the acquisition of Rizzoli by Mondadori, the RTI/Finelco operation in the radio industry, and the merger between Seat Pagine Gialle and Libero.

The ICA has paid special attention to these operations, in the awareness of their strategic importance and the needs for repositioning of the industry. With the exception of the EI Towers/Rai Way operation, it evaluated them by conditioning their authorization to stringent measures mainly of a structural nature, aimed at removing the competitive concerns relating, in particular, to the acquisition of copyright, fiction, essays and distribution (in the case of Mondadori/Rizzoli) and radio advertising (in the case of RTI/Finelco).

The Authority will monitor, with special emphasis, the implementation of remedies by enterprises, as well as evaluating, with its usual rigour, new mergers announced in the media sector.

The same need to ensure that, in this sensitive area, competitive dynamics are not distorted by anti-competitive behaviours – which in this transition are even more serious because they lead to consolidating old rent-seeking behaviours and to stifling innovation – has led the ICA to sanction, for a total of 66 million euro, the agreement between two major television broadcasters, the Football League and Infront with which, according to the ICA, the result of the tender for the TV rights on the Series A championship for the 2015-2018 period had been altered.

9. Previously we spoke of innovation, although it should be noted that competition authorities traditionally focus their attention on static competition and prices. Competition drives down prices, benefiting consumers, but also the production system because it reduces the cost of basic inputs. The Authority remains committed to guaranteeing static competition and its beneficial effects on prices. So it does not let down its guard on traditional markets.

Added to this is the special attention the ICA devotes to what happens in regulated markets, particularly as regards those cases in which the price paid by the consumer is affected by interactions between the company and the public regulator. Here, abusive behaviour of companies when they participate in the administrative procedure for the establishment of rules that affect prices can lead to significant consumer harm.

For this reason we constantly follow the pharmaceutical industry where cases decided in recent years have been joined recently by: a) proceedings for exploitative abuse against a pharmaceutical company which, according to Authority's concerns to be verified during the open procedure, used its strong market power to get a particularly high price from the industry regulator for an anti-cancer drug, with

increases of up 1,500 per cent; b) the market investigation on vaccines for human use, a worldwide market of over 20 billion euro, dominated by an oligopoly of four multinational companies in which there is a severe lack of information on costs and prices of products, and there should be unambiguous and transparent medical choices, even to orient demand correctly. In this field, note the recent memorandum of cooperation signed with AIFA (Italian Medicines Agency).

Another area that distinguishes the ICA's activities and is a good example at the European level is the fight against cartels in public procurement (bid rigging), where we make use of the intense and fruitful collaboration of the National Anti-Corruption Authority.

I recall, in particular, the process that led to the imposition of a fine of about 114 million euro on a cartel of firms participating in the Consip tender (approximately one billion euro) regarding cleaning services in schools.

There are many other areas in which the ICA has intervened by sanctioning tender agreements. Cartels were ascertained and sanctioned in tenders for the reclamation and disposal of pollutants and hazardous materials from the arsenals of Taranto, La Spezia and Augusta, in two tenders for the assignment of some services in the waste chain, and in a tender for suppliers of Trenitalia.

It should be noted that, when the ICA promotes effective competition in public procurement, severely hitting cartels in this area, it helps in reducing the costs to public budgets for procuring certain services. This saves resources, which instead of being exploited to encourage rent-seeking, can be used to benefit citizens in general.

In these sectors and in more traditional markets, which affect the provision of essential goods and services, the fight against cartels and abuse of dominant position translates into a significant increase in consumer surplus, with particular advantage for the weaker segments of the population.

In this regard, I mention the case just concluded which concerned a restrictive agreement among seventeen companies, in addition to the trade association, in the field of automatic and semi-automatic distribution of food and drinks (vending), which led to fines totalling 100 million euro.

Also worthy of mention is the decision to sanction an anticompetitive agreement among 14 banks, in Trentino Alto Adige, which dealt with the coordination of their commercial policies, including through the exchange of sensitive information (interest rates and other economic conditions of loans), as well as the opening of a memorandum of understanding which covers 11 lenders. Here ICA's concern is that, with the entry into force of Regulation (EU) No. 260/2012, the banks have agreed to a new payment service (SEDA) in which pricing is disconnected from any competitive pressure and therefore likely to lead to a significant increase in commissions.

10. Recently, two well-known Antitrust scholars, Baker and Salop, have argued that a robust Antitrust intervention reduces inequalities, which, as I mentioned at the beginning, have been magnified in recent years. A lively academic debate has ensued, but this is not the place to take a stand. Instead, what must be emphasized here is that the Italian Authority's concrete interventions just recalled - by fighting rent-seeking behaviours and hitting cartels that lead to the increase in prices of essential commodities (such as drugs, food, credit) - objectively go into the direction of a reduction of inequalities (although of course full achievement of this goal requires effective redistributive policies). In addition, by stimulating innovation and economic growth, they favour the production of the wealth necessary to establish economic and social balance.

Interventions by the ICA concerning business relationships characterized by imbalances are evident in the field of consumer protection, especially when they affect the most vulnerable consumers. In this perspective, one should consider that the most heinous cases of unfair commercial practices are those

involving the provision of essential goods or affecting individuals who already face economic difficulties.

The most significant of such cases involve water service, electricity and gas supply companies in relation to the phases of measuring consumption, billing and handling complaints. The Authority considered the companies' conduct an aggressive commercial practice consisting in initiating or pursuing collections of non-verified receivables or threatening to shut off, suspend or de-activate supply, as a way of exerting undue influence and hindering exercise of contractual rights.

Another area in which there have been numerous actions by the Authority refer to the conclusion of electricity and gas contracts without consumers' informed consent and, in some cases, without consent at all. The Authority has sanctioned the major retail companies operating in Italy, including Enel Energia, Eni, Energy Acea, Hera Comm, GdF Suez Energie, Green Network and Beetwin for unfair business practices and violation of consumer rights.

The ICA can also intervene in the sphere of unbalanced trade relations by using another tool. During 2015, the ICA initiated and completed the first two proceedings under Art. 62 of Law Decree n. 1 of 2012, which, among other things, aims to ensure the protection of small and medium-sized suppliers of food products from the bargaining power of large retail chains. In one case, based on the complaint of a small private label manufacturer, a leading Italian large-scale retailer was sanctioned.

11. As noted at the beginning, a very important role of the ICA's activity is to be competition "advocates" . I mentioned the large number of opinions and reports adopted. I would also like to emphasize the remarkable success rate of these activities. Not only opinions – which have been followed by political or administrative decision-makers in more than half of the cases - but also recommendations proposing pro-competitive changes of the legislation.

An Authority comprehensive recommendation has provided the basis for the submission of the draft of the annual competition law. In the public debate there have been critical voices for a certain depletion suffered by the parliamentary text compared to the original Authority's proposal. I would like to see the glass half full. In fact, the text still contains pro-competitive provisions such as the one concerning the full liberalization of the retail energy market. Other important sectors, such as insurance, professional services and the pharmacies sector, are affected by the liberalization process. Rapid adoption of the law would make it possible to start a new process for the submission of a new draft law so that each year a competition law can be adopted as foreseen by the law.

This process must continue, by eliminating those regulatory privileges that still exist and that in some sectors - pharmacies, concessions, transportation, retail trade, regulated professions - block competition and create intolerable forms of inequality.

Meanwhile we note with satisfaction that the "Madia reform" is in line with many of the ICA's suggestions, leading to one of the most important administrative reform processes in Italian history through the implementing legislative decrees. It can make a significant contribution to the competitiveness of the country, once the approval process will be completed. The process has been very rapid without sacrificing the quality of the result, thanks to the efforts in drafting the texts and the important contribution made by the Council of State. The latter adopted its opinions particularly quickly and with a wealth of observations aimed at strengthening the pro-competitive nature of the reform.

The reform of local public companies and public services is a crucial turning point for economic recovery: the rationalization of public stake-holding and efficient local public service markets, in fact, not only can improve the quality of services provided, with immediate benefits for the citizens, but can also have a positive impact on the competitiveness and the development of local economies and affect economic growth.

With the aim of contributing to the renewal of the local public services sector, the ICA carried out two large-scale market investigations – one concerning solid urban waste and the other the local public transport sector – proposing a number of specific reforms in the sectors concerned.

Advocating for competition also means advocating for legality. Because legality is the other side of a well-functioning market economy and respect for the law is the precondition for effective competition as a source of economic growth. So I note with satisfaction the strong success of the “legality rating” for companies that sees, once again, cooperation between the Competition Authority and the National Anti-Corruption Authority.

12. So far I have mentioned the main interventions by the Competition Authority and I have tried to provide you with a general framework in which to consider and appreciate our activity. This is actually much broader, and I can only refer you to the full Report, which, as every year, we have delivered to Parliament and the Government. None of this work would have been possible without the competence and passion of the women and men working for the Authority. They deserve all my gratitude, and I thank the other board members of the Authority for their important work, as well as the Secretary General, the Head of the Cabinet and the Chief of my staff.

I also thank the TAR of Lazio and the Council of State, the Attorney General of the State, the Prosecutor's Office in Rome, the other independent authorities, the Italian Finance Police, consumer associations, DG Competition, and the Presidents of the Competition Authorities of the other Member States.

Finally, let me express my thanks, not at all formal, to the Presidents of the two Chambers of the Italian Parliament, for the careful and capable way in which they follow our activities, and especially to the President of the Republic, who recently received us and who, for us as for all other institutions of the Republic, is the fundamental point of reference for national unity.

Thanks to all of you who have patiently listened to me.