AUTORITÀ GARANTE
DELLA CONCORRENZA
E DEL MERCATO

AGCM

Annual Report

Presentation by the Chairman
Giovanni Pitruzzella

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Honourable President of the Republic, your presence is a great honour for the Italian Competition Authority.

Honourable President of the Senate, I thank you very much for your participation,

Honourable Madam President of the Chamber, I am sincerely grateful for the remarks which you have made on the role of the Authority,

Authorities, Ladies and Gentlemen,

1. Europe and Italy are finally emerging from recession. The OECD forecasts 0.6% growth in GDP for Italy in 2015, with potentially even more significant growth in 2016 (1.5%). The European Commission, too, is forecasting recovery, albeit limited, in Europe and Italy. The signs of recovery remain weak but are unmistakeable. In our country, sustained economic growth is essential both to maintaining social cohesion, which has been severely put to the test by high unemployment, and to ensuring the sustainability of the public debt.

During the years of crisis, anti-trust enforcement has held firm in Europe. Former European Commissioner for Competition Joaquín Almunia has always maintained that competition policy is one of the key instruments to end the crisis and get back on track to growth. The new Commissioner Margrethe Vestager began, in 2015, with a series of hardhitting competition protection measures: the statement of objections against Google of favouring its own Google Shopping sites, followed by the filing of antitrust charges against Russian energy giant Gazprom.

In the broad arena of European constitutional law, competition policy has remained a constant. More recently, it has also become a cornerstone of unwritten national constitutions. This has been possible not only because of the explicit recognition accorded to it at the formal level (Article 117 in the reworked text of the 2001 reform and above all its interpretation by the Constitutional Court), but also and above all because of the so-called modernisation of competition law implemented by Regulation 1/2003, which has decentralized the application of European Competition law to the national authorities.

In 2014, the Commission adopted the Communication "Ten Years of Antitrust Enforcement under Regulation 1/2003. Achievements and future perspectives", which stressed among other things that after ten years of reform, national competition authorities – such as the Italian Antitrust Authority – have become fundamental in the application of European competition law.

Rigorous enforcement of competition law, with its robust system of sanctions, allows three particularly important objectives to be achieved in terms of growth and equity: a) firstly, competition stimulates innovation, which is the main engine of growth; b) secondly, it prevents the proliferation of rent-seeking behaviour by players who, instead of competing on merit, leverage their relationships with public authorities to obtain privileges or excess profits by abusing their market power or even concluding agreements to ensure higher prices. Such rent-seeking behaviour does not create new wealth, but removes resources that would have been left for others, such as consumers or public entities, from the system, impacting negatively on the increase in aggregate demand or their use in public budgets to stimulate growth and foster social cohesion; c) finally, competition counteracts excessive inequalities (which, according to an influential school of thought, have engendered the crisis) as by limiting privileges based on rent-seeking positions, it prevents wealth from being concentrated towards the top of the social structure.

A properly functioning competitive market is therefore one of the most effective tools for preventing the spread of corruption, which is a pervasive cancer of the economy.

2. While the aforementioned are the "virtues" of the Euro-national competition protection system, switching our attention to the specific dynamics of the Italian economy it should be stressed that, even before the crisis started, it was characterised by relatively weak growth, linked to low competitiveness. One reason for this, according to analyses by a number of international organisations, was the lack of openness to competition of the structure of its markets, where – as highlighted in the report of the Antitrust to Parliament last year – "crony capitalism" and rent seeking have long dominated. In this context, inequalities have grown too.

According to a recent analysis by the Kiel Institute for the World Economy (*Institut für Weltwirtschaft*, IfW), Italy's situation is unique. Not considering state intervention, namely the redistributive effect of taxes and government expenditure, the Gini coefficient (which measures inequality) rose from 0.42 to 0.53 between the mid-eighties and 2010 (the index ranges from 0, in the case of complete equality, to 1, where all wealth is concentrated in a single person). In the USA – where the dangers of inequality are the order of the day – the pre-welfare coefficient is 0.48. This means that the economic structure in Italy, at least until 2010, has created large areas of privilege: instead of an open market, rent-seeking positions have prevailed.

Italy is passing through a phase of profound change and the Antitrust Authority is part of this process. Vigorous enforcement, of which much has been made recently, and encouraging, through the extensive use of powers of advocacy, the removal of regulations that create market barriers and bottlenecks, are part of the broader context of structural reforms adopted by the Government and Parliament.

Data will later be provided to show how wide-ranging the Authority's activities to protect competition and consumers have been. For now, I should point out that opening up to competition is part of a change in the legal framework which is finally creating conditions conducive to enterprise and removing some of the main reasons for this lack of competitiveness. In this area, mention should at least be made of labour market reform and the Jobs Act, the enabling law for public administration reform, the new civil justice rules, the upcoming *delega fiscale,* the forthcoming reform of the procurement code and the ultra-wideband project.

Further impetus to the opening up of markets and increased competitiveness may come from approval of the annual competition bill submitted before Parliament by the Government in April, which incorporates most of the Communication adopted by the Antitrust in July 2014. It regards markets that are still subject to regulations which create privileges and rent-seeking behaviour, thus stifling competition and innovation: insurance, professional services (pharmacies, notaries, lawyers), telecommunications, fuel and power distribution. Opposition from lobbies defending their privileged positions will certainly make itself felt; however, we are sure that Parliament will not yield.

In this changing context, businesses are beginning to hire (employment is finally growing: +0.6 in the first quarter of 2015), their propensity to invest remains high (although their commitment to research and development remains weak), exports are increasing (+2%), a number of firms have consolidated their global leadership in innovation in key sectors (from energy to precision engineering, agri-food and Italian-made goods), there is major foreign investment, the numbers of new businesses (275,000 in 2014 alone) and innovative start-ups (over 3,000, more than one third of them in 2014) are increasing, businesses in certain sectors that seemed to have stagnated have begun investing again (as is happening with the commitments of telecommunications operators to ultra-wideband, with over 5 billion euros of planned investments).

Virtuous interaction between public policies, the Antitrust Authority's activities and firms' behaviour imparts a specific direction of change to the Italian economy: from rent-seeking behaviour and crony capitalism to an economy that is open to competition "on merit" and on innovation. The transition is still incomplete and not without contradictions. However, it is essential if we wish to set in motion sustainable economic growth with a view to safeguarding democracy and social cohesion.

It is now a shared theoretical tenet that innovation is the key driver of economic growth. According to Nobel laureate Edmund Phelps, western nations in which growth historically has been strong and sustainable and which have most easily overcome the crisis are the ones which have dynamic, innovation-based economies seeking new products and services, or new ways to produce them. This requires a business environment where new ideas can flourish and find the space to be tested, implemented and funded. This requires a culture that places value on creativity and institutions that ensure that markets are opened up to innovators. The guarantee of open market structures, innovation and growth are closely interlinked.

3. We have discussed the importance of antitrust enforcement. It is now time to go into more detail by providing some figures regarding enforcement activities. Since the beginning of 2014 to date, 266

million euros of fines have been imposed (specifically 186 million euros in 2014 and 80 million euros in the first five and a half months of 2015). The focus has been on the more serious attacks on competition, namely cartels and agreements. Indeed, 23 proceedings concerning agreements and 3 concerning abuse of a dominant position were concluded. In the same period, 10 new cases concerning agreements and 3 relating to abuse of a dominant position were initiated. All of the proceedings were highly complex, involving sophisticated investigations including computerised inspections, detailed economic analyses, market studies and considered legal assessments, extensive investigative findings and defences of the parties.

The Authority has wielded its powers equally vigorously to protect consumers against unfair commercial practices. A total of 210 cases were concluded (163 in 2014 and 47 in 2015), resulting in 30 million euros of fines (including 19.5 million euros in 2014).

Protection of competition and consumer protection are highly interdependent. The Italian model, in which both tasks are assigned to a single institution, is seen as a success in Europe. This model has been consolidated by Legislative Decree no. 21 of 2014, which recognises the "general" competence of the Antitrust Authority in all economic sectors, including the consumer protection sphere. Protection of competition intervenes on the supply side by guaranteeing an open market structure based on consumer welfare. Protection against unfair commercial practices intervenes on the demand side by helping to boost consumer confidence and encouraging competition between companies based on actual merit and not on deceit, fostering innovation by this means too.

4. The trend which in 2012 started redressing the balance between decisions with commitments and decisions with fines in favour of the latter has continued recently. The clear message to the markets is that illegal antitrust and unfair commercial practices are prosecuted with severity and that the chances of avoiding a fine for wrongful acts are extremely remote and in any case subject to the presentation of concrete pledges to remove, at the root, the concerns expressed at the start of the proceeding.

At the same time it should be emphasised that the rules of the preliminary proceedings before the Authority ensure the right of

defence through an adversarial procedure, and the initiation of an investigation never amounts to a negative prejudice against the company, as proceedings may conclude with it being ascertained that there is no evidence for the alleged offence. Furthermore, the organisational model of the Authority ensures the independence of the departments in the investigation stage and separation from the decision stage involving the board.

In short, it is an organisational structure that is capable of strengthening internal dialogue and independence, as well as guaranteeing full, impartial assessment of the reasons of the parties.

The subsequent "full" judicial review by the administrative judge rounds off and ensures the greatest possible protection of the right of defence of the enterprise concerned. The result is a system fully consistent with the guarantee-based approach of the European Court of Human Rights with regard to procedures for independent administrative authorities to impose penalties (*Menarini* 2011 and *Grande Stevens* 2014).

The completeness and quality of the judicial review are a guarantee for the Authority. When the administrative judge corrects us, we draw important conclusions for our future work. When the judge agrees with our decisions – as has happened recently in the most high-profile cases – it helps to strengthen the general deterrent effect of the antitrust enforcement system and also makes it easier for all parties that have suffered damages to start actions for damages in the civil courts.

The process of opening up the markets is not achieved through the use of sanction proceedings alone. Our role as competition "advocates" using various means provided for by applicable legislation has been wielded with equal vigour. The Antitrust submits reports to the Government and Parliament which identify the existence of regulations that hinder competition in certain markets and call for its removal. Since 2014 to date, 127 opinions and reports have been submitted to Parliament, the Government and public administration in general.

It is important to remember the views submitted to the Prime Minister's Office concerning compatibility of regional laws with Article 117, second paragraph, letter e of the Constitution: in 17 cases where the Government has challenged the regional law reported by the Authority, the Constitutional Court has upheld the appeal on 9 occasions and rejected it in 4 cases; the other appeals are currently pending.

Finally, it should be pointed out that the Authority has made extensive use of the faculty to challenge competition-restricting administrative acts before the Regional Administrative court. It is a tool that has proven particularly effective: in 74 percent of cases, the regional authorities concerned have come into line with the Authority's recommendations, without the need to go to court as provided for by law.

5. The Antitrust Authority's actions have focused on those areas where rent-seeking has been strongest and where the introduction of a more competitive structure can stimulate innovation and growth. In the short time available, only a few brief examples can be provided.

The pharmaceutical market has recently been a major focus for the Authority.

In the *Roche/Novartis* case, the Antitrust acted to punish a horizontal market-sharing agreement reached by pharmaceutical industry giants, designed to limit the spread of the cheaper, yet highly effective, safe cancer drug Avastin, distributed by Roche for off-label use, including for the treatment of ophthalmic diseases – in favour of the more expensive Lucentis, sold by Novartis.

The difference in price between the two drugs was exorbitant: for the cost of a dose of Avastin, which could range from around 15 to 80 euros, the equivalent dose of Lucentis cost over 900 euros.

In ascertaining the existence of and sanctioning this detailed system of collusion between the two pharmaceutical companies, the Authority clearly did not enter into the medical or scientific issues regarding the efficacy and safety of the medicines. However, in this regard, we cannot but note the World Health Organisation's recent rejection of the request by Novartis to include Lucentis in the list of essential ophthalmic medicines, precisely because Avastin is already in the list and is considered effective and safe, as well as being cheaper.

This agreement clearly shows how the antitrust investigation has significant implications in terms of public spending, especially in a context where stringent budgetary constraints are likely to heavily impact the funding and functioning of public health care. The Lazio

Regional Administrative Tribunal has fully upheld the Authority's decision and the appeal is currently pending before the Council of State.

Similar concerns – in terms of alteration of the proper functioning of the market and of impacts on the 'right to health' and cost containment in public pharmaceutical spending – underlie the investigation currently under way into alleged abusive strategies implemented by another pharmaceutical company. These strategies consist in conduct designed to obtain, during negotiations with AIFA, including through the credible threat of withdrawing its medicines from the market - a very significant increase in the sale price of a number of anti-cancer drugs, for which no substitutes exist. In addition, with a view to ascertaining effective competitive dynamics in pharmaceutical markets, a sector inquiry into vaccines for human use was recently launched.

Another area in which the Antitrust Authority has intervened several times is that of procurement. Competition is stifled by direct bid-rigging agreements to share contracts among companies, which obtain a profit equal to the increase in prices compared with the prices that would have been offered under conditions of effective conditions. Bid rigging – that is, coordination between companies participating in the public procurement market – offloads rent-seeking costs onto public finances, diverting resources from uses that are more instrumental to stimulating the economy or strengthening social cohesion.

In this sector, as is well known, NACA, the National Anti-Corruption Authority, is doing an extraordinary job; the Antitrust Authority's activity, within its remit, takes place in a climate of profitable, ongoing cooperation between the two Authorities, whose common goal is the creation of transparent and fully competitive markets.

The main antidotes available to combat the spread of corruption – a veritable hidden tax on the economy – are effective competition and, as repeatedly pointed out by the Authority, legal certainty and the reduction of red tape in such a way as to reduce margins for discretion concerning interventions in the economic sphere.

Since 2014 to date the Antitrust Authority has uncovered and imposed fines in relation to 5 agreements concerning, *inter alia*, the procurement of public transport insurance contracts, post-production services for RAI (the state television company), materials

and services for Trenitalia and catering services on the motorway network. A proceeding is ongoing to verify the possible existence of coordination among companies with a view to lot-sharing under the Consip tender, with bidding starting at approximately 1.63 billion euros, for the awarding of contracts cleaning services in public-sector educational institutions and training centres.

Conduct of enterprises aside, in local public services there are still too many obstacles that supress competition and innovation by creating privileges and encouraging rent-seeking behaviour in favour of a limited number of operators, often of a public nature.

For this reason, on several occasions, the Authority has requested the removal of measures which guaranteed the extension of reservations to liberalised services or services in any case not considered exclusive by law, and has demanded that the stringent requirements prescribed by European law to justify "in-house" provision of such services and exceptions from competition deriving therefrom. In this sector, competition, both *in* and *for* the market, remains the preferable option with a view to reducing public expenditure and providing people with more efficient services.

The banking sector is of strategic importance with a view to creating market arrangements that can act as an incentive for economic recovery and sustain Italy's competitiveness.

A number of important recommendations made by the Authority regarding the creation of stronger competitive dynamics in the banking sector have recently been implemented by the legislator with Decree Law no. 3 of 2015 (*Urgent measures for the banking system and investments*), which addresses two very important aspects, on one hand by acting on the structure and the governance of *banche popolari* or cooperative banks with the aim of making the system more efficient and competitive, and on the other by introducing measures to improve the "portability" of current accounts, thus incentivising consumer mobility and helping a more competitive market to emerge.

With regard to enforcement of competition rules in the area of the conduct of banks, an investigation is currently underway to ascertain whether a number of banks operating in the Bolzano and Trento areas have established a competition-restricting agreement on mortgage interest rates.

Remaining on the subject of the banking sector, the Memorandum of Understanding recently signed by the Ministry of

Economy and Finance and the *Associazione di fondazioni e di casse di risparmio* (Association of Joint-Stock Savings Banks and Foundations of Banking Origin), marks the beginning of a process of self-reform on the part of banking foundations. It aims to solve a number of key issues, which have been raised several times by the Authority, linked to the role of foundations as bank shareholders. The contents of the Memorandum of Understanding are a step in the direction recommended by the Authority, in the sense that they seek to overcome the role and influence of foundations on the shareholding structure of Italy's banking system.

The professional services sector has undoubtedly undergone a significant process of liberalisation. Nevertheless, regulatory frameworks remain which lend themselves to "self-interested" restrictive interpretations by professional associations, and are liable to invalidate the scope of recent legislative deregulation. The Authority has focused on these profiles when exercising its powers of reporting.

In terms of application of competition rules, the Authority's attention has focused on the conduct of professional associations inclined to influence the most important competitive levers in the exercise of business: setting of tariffs and advertising. The interventions focused on almost all professions, including lawyers, notaries, doctors and architects.

I must stress that the action of the Antitrust Authority in the liberal professions is not intended to question the application of codes of conduct to ensure ethical practice, training, reliability and professionalism, and the role of professional associations in this delicate task, but rather to ensure that such legitimate and extremely important tasks do not result in – or become a smokescreen for – undue limitations on the full effects of competition mechanisms to the detriment of the consumers and, ultimately, the professionals operating on the market themselves.

Another major sector that has received the Antitrust Authority's constant attention is telecommunications. However, before talking about what has been done, a number of aspects of the general framework in which the Authority's most recent interventions have been implemented should be mentioned.

6. The process of radical change (in terms of economic and institutional structures), induced by the need to address the crisis and to stimulate growth, must deal with another major factor of change, which is independent of the crisis: the fourth industrial revolution ushered in by the unfolding digital economy.

Digitisation, in all of its myriad forms – from new web-based services to the unprecedented creation of communities via digital platforms, to the "Second Machine Age" (to borrow the title of Erik Brynjolfsson and Andrew McAfee's brilliant essay on the increasingly pervasive role played by digital technologies in production processes) – constitutes the greatest expression of the push for innovation and a key driver of growth. Therefore, today Italy faces the challenge of rapidly bridging the digital divide which separates it from the major European countries (based on the 2015 Digital Agenda Scoreboard, Italy ranks 25th amongst EU States in terms of digital maturity).

Likewise, it should be recognised that the fourth industrial revolution brings with it unprecedented conflicts that seem to characterise the economy of the twenty-first century, such as the "mass destruction" of jobs in traditional economic sectors, the emergence of new forms of inequality and of players (such as "over-the-top" service providers) who wield even greater economic power than the "traditional" multinationals and thus capable of influencing both the dynamics of the market and potentially closing the market to new entrants, and the functioning of democracy, and finally new conflicts between Internet giants and enterprises in more traditional sectors (for instance the conflict between Uber and taxi drivers or between Google and traditional publishers).

Such conflicts may fuel Neo-Luddite movements determined to resist change. The alternative is to seek to minimise the negative effects and take advantage of the latest industrial revolution: freedom as opposed to limitation, abundance as opposed to scarcity. This abundance consists in greater volume, variety and quality and lower costs of many goods and services made available by the digital economy.

How to achieve all of this is the task of politics, at the national and at the European level. For example, as an Authority recommendation has pointed out, the copyright regime needs rethinking so that innovations regarding the use of content on the web are reconciled with the need to ensure that the content's creators are paid.

Yet the challenges which we have outlined extremely briefly also bring the Antitrust into play. First, it should promote the rapid development of an ultra-broadband network, without which new digital services will not have the necessary infrastructure to develop.

The new opportunities open to companies (for instance e-commerce which allows businesses to have a presence in global markets, or the cloud) and to consumers, in terms of quality of services and greater possibilities for choice, require a large amount of bandwidth and therefore a "futureproof" network.

Telecommunications is, in fact, the backbone of the digital economy. However, it should be noted that control by a vertically integrated operator of the fixed network infrastructure, used to access the internet – in the absence of competing infrastructure – can provide rent-seeking profits if there is no eligible collateral which ensures that the owner of the infrastructure allows other operators to access the network, at non-discriminatory conditions.

In this respect I wish to recall that the Council of State, in a judgement handed down in 2015, definitively confirmed the decision of the Antitrust Authority to penalise Telecom Italia 103.8 million euros, among other things, for having made access to its network difficult for other operators.

However, the attention of the Antitrust Authority is not only directed towards static competition. The issue of investments in the fibre-based networks, in fact, was the subject of an inquiry into the broadband sector which the Antitrust Authority, in conjunction with the industry regulator, concluded at the end of 2014. Today more than ever the capacity of private operators to fully grasp the investment opportunities offered by the market depends on public policy being certain, transparent and consistent in its various institutional guises: industrial policy, competition, regulation. Thanks to the work of all the institutions that contribute to the economic governance of the sector, this objective is within reach, especially after the establishment of the Italian strategy for ultra-wideband by the Government, which of course depend on industrial policy choices to ensure efficient infrastructure development, without prejudice to the need to achieve this in a truly competitive environment. Now it is up to enterprises to do their part as market players by unreservedly taking up the challenge of innovation.

7. A number of serious questions are posed by the emergence of so-called network giants, holders of such market power that they have a direct effect on economic relations in the real economy. Today, access to certain platforms is in fact often a necessary condition to carrying out activity that is typical of the real economy.

This is the case, for example, of hoteliers in relation to Booking.com and Expedia, through which most hotel reservations are made. The Authority took action to verify the legality of the clauses in the contractual conditions imposed on hotels which prevented them from charging lower prices through other online intermediaries and other distribution channels.

The preliminary investigation against Booking.com was concluded (while remaining open against Expedia), with the acceptance of undertakings on the operator's part to limit the use of the clauses concerning equal rates as an integral part of its business model based on the payment of commissions, thus significantly increasing room for manoeuvre on the part of hotels. The undertakings offered by Booking.com, accepted simultaneously by the three intervening Antitrust authorities (Italy, France and Sweden) – an example of successful collaboration within the ambit of the European competition network – achieve the right balance for consumers and restore competition, while at the same time preserving the simple, free use of search and comparison services, thus encouraging the development of the digital economy.

In many other cases, the Authority's actions have concerned the vast world of e-commerce and have put consumer protection tools to use.

Specifically, the issue of false online reviews published on the popular website Tripadvisor was addressed. The Authority ascertained the absence of adequate monitoring procedures to ensure that the views expressed were always the result of actual tourism experiences; this conduct was sanctioned as it constituted unfair commercial practice. Similar action was taken with regard to online car insurance comparison tools, which lacked transparent information about the nature of the economic activity they perform, on the breadth and representativeness of the comparisons, as well as methods used to calculate the discounts advertised. Action to protect consumers in this area was enhanced by the valuable cooperation of the Italian Insurance Supervisory Authority (*Istituto per la vigilanza sulle assicurazioni*, IVASS).

Another case in point regarding the risks to which consumers are exposed online concerned the download of apparently free applications on smartphones and tablets from online stores. The subject of the investigation – which included both developers and the

iTunes, Google Play and App-Shop Amazon for Android online stores – was the potentially misleading practice of portraying apps not requiring any payment for download and installation as free, but subsequently offering them for so-called in-app purchase in order to unlock full use of the software or access to specific functions and/or content, to jump to higher levels in videogames, and so on. The investigation ended with undertakings on the part of companies to increase transparency by eliminating the term 'free' from the product description, that is by specifying that only downloading the application is free, thus protecting consumers, especially younger consumers.

Our anti-counterfeiting activity has continued, thanks in no small measure to reports by consumer groups and INDICAM, the industry association against brand counterfeiting. Our investigations revealed clear evidence of websites selling counterfeit products deliberately misleading visitors, and in many cases was able to block access from Italy to these websites. Together with the consumer, the Antitrust Authority has acted in defence of the "made in Italy" label.

8. The Authority's consumer protection activities have not been limited to the more technologically advanced sectors but have also focused on particularly sensitive sectors where the nature of the service and characteristics of the market lead to a strong imbalance in commercial relations with businesses.

In order to eliminate this situation of "pathological dependence" on the company on the part of consumers, the Authority has stepped up enforcement measures in the electricity, gas and water sectors, where there have been reports of particularly heinous cases of unsolicited supplies, billing of large sums for alleged consumption accompanied in some cases by refusal to allow payment in instalments, threats to cut off the service and initiation of proceedings to recover arrears.

The Authority's consumer protection activities have also benefited greatly from its close collaboration with the *Autorità per l'energia elettrica, il gas e i servizi idrici* (Authority for Electricity, Gas and Water Services).

9. The effectiveness of the "legality rating" in the fight against corruption and illegal practices on the part of businesses was further

strengthened with the adoption in February 2014 of the inter-ministerial decree which set out criteria to take account of this certification when granting of public financing and access to credit. The "reward value" of this important instrument has provided a strong incentive for companies to voluntarily undergo the Authority's evaluation process. Thanks to this new tool, the number of applications for ratings has more than doubled, from 142 in 2013 to 407 in 2014, before reaching a very high peak of 605 applications in the first five months of 2015.

Since in order to combat illegal practices, far-reaching action is required which includes all of the administrations involved in various ways in this delicate task, during the year the Antitrust Authority has worked even more closely with the National Anti-Corruption Authority (ANAC) to create an effective synergy in the acquisition of information necessary for both organisations to optimise performance their respective institutional duties.

The Authority also continued to monitor potential conflicts of interest. In this area, during 2014 greater awareness was in evidence regarding the prohibitions relating to the assumption of office among people whom the law regards.

612 cases were dealt with in 2014, with 146 cases of ineligibility in connection with ownership issues, 401 conflicts of interests and 65 cases of prohibitions after having occupied certain positions. The pathological stage of the system of prohibition against occupying posts after having occupied certain positions has been virtually eliminated due to the intensive consultation process that began in 2011.

At the regulatory level, however, the reform measures necessary to strengthen the Authority's powers of prevention and enforcement still need to be implemented, by following the progress of the draft legislation still being debated in Parliament. In this sense, as the Authority has repeatedly stated, the notion of conflict of interest needs to be reformulated in order to give importance to the situation of "danger", in the wake of solutions adopted at the international level.

10. The costs associated with the Authority's activities do not weigh on the State budget; at the same time, the 186 million euros of penalties imposed by the Authority in 2014 alone was directed into public finances.

In no way does this mean that the Authority believe that it is

relieved of its duty of accountability to Parliament or to the market operators that contribute to financing the choices it makes and the results it obtains.

Indeed, the Authority has continued its unabated activity to achieve the best possible management of human and financial resources.

All these activities have allowed it, for example, to reduce vehicle costs by 72 percent, telephone bills and overtime costs by 28 percent, and database costs by 55 percent.

Among other things, it has also embarked on a project called "Digital Antitrust" designed to improve interaction both inside and outside the Authority exclusively through digital channels and to further increase the transparency and clarity of its activities. The same has been done in terms of administrative efficiency. I shall limit myself to two representative examples that fall into areas under public scrutiny as much as they relate to the management capacity of the public administration: the use of European funds and the time taken to pay suppliers.

Indeed, with regard to the former aspect, the Authority has been awarded both of the EU projects relating to training European judges in which it has participated, which represent an important step towards the construction of consistent, widespread knowledge of competition law among judges using funding almost entirely from the European Commission. With regard to the latter, the authority has cut supplier payment times to 24 days on average – a much shorter time than is required by law. This is a necessary sign of additional attention being given to a need which is rightly emphasised by the business community.

Finally, I take pleasure in pointing out that the Authority has fully achieved gender equality, with 50% of management positions occupied by women and 50% by men.

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In conclusion, I would like to thank everyone who makes our activities possible: the Guardia di Finanza, who collaborate most efficiently with us during our investigations, the Lazio Regional

Administrative Court and the Council of State, whose decisions with regard to provisions are key to guiding the Authority's activities in the most complete compliance with administrative legitimacy, the Attorney-General of the State, whose legal assistance is essential to us, the Regulatory Authorities with whom contact is constant and always in a great spirit of collaboration, the European Commission Directorate-General for Competition and all of the national authorities of the European network

Without the constant and enlightened contributions of Salvatore Rebecchini and Gabriella Muscolo, the decisions of the Authority would not be the same: I thank them for their valuable support.

I must also informally thank the Secretary General, the Head of Cabinet and the Chief of my staff for their daily, skilful work to coordinate and steer all of the Authority's activities.

Please allow me to conclude with a heartfelt thanks to all the Authority's employees, as without their professionalism and dedication, none of the results obtained would have been possible: the human capital of the Antitrust's women and men is an indispensable resource for the country.