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## **Italy's cost of inaction on infrastructures (especially ultra-fast broadband) stands at €606 bn**

Carlo Andrea Finotto

The lack, the inadequacy, or the failed development of strategic infrastructure - from everyday projects like highways, railways or logistics to 2.0 advances like ultra high-speed Internet connections - continue to be extremely costly for Italy. That's the overall conclusion of a report by research and consulting group Agici on the so-called Cost of Inaction (CNF) in 2016. The firm, which specializes in utilities renewables, infrastructure and energy efficiency, is run by a team of experts led by Andrea Gilardoni, professor of Economy and Business Management at Bocconi University in Milan.

Compared with the 2015 tally, the Cost of Inaction appears to be generally decreasing. It was €40 billion higher that year and a whopping €200 billion more in 2014.

"There have been improvements, with the completion of some strategic projects," said Gilardoni, "but the reduction in the CNF is also connected to less ambitious goals, starting, for example, in the electricity sector, where a decline in consumption has made what's left seem nearly vibrant. If the goals are not as lofty then not trying to achieve them costs less."

"The point of departure for the study has been the government objectives that described public works and projects accumulated over time," said Stefano Clerici, dean of the Costs of Inaction Monitor. "Over the past two years, we've seen a change in the government's approach, with a

rationalization that takes into account available resources and requirements, and with more attention paid to improving what already exists.”

The constant in the recent reports is an overwhelming item, ultra-fast broadband, which, with a CNF of €379 billion over 15 years “works out to more than all the other line items put together,” said Clerici. “Including this line in the recent reports resulted in a new paradigm: ultra-fast broadband connections open up new horizons, encourage competition among companies, reduce costs and have an impact on a wide swathe of the economy and society.”

But these positive impacts are reversed when the ultrafast broadband coverage is missing, as is the case, at least in part, in Italy, where about half of Italian district basically lack service faster than 30 mbps. The report calculates about €380 billion in CNF tied to ultrafast broadband as the cost of covering 100% of the population by 2030.

When you consider that, at the end of 2016, data from AGCOM’s quarterly monitor put ultra-high speed broadband coverage at just over one line out of every ten, you understand the weight of CNF calculated by Agici.

However, some things have improved on the Peninsula, given that, with respect to 2015 the amount was reduced by about €10 billion. But the TLC (telecom) line, which is comprised entirely of ultra-high speed broadband, is not the only one, obviously, in the 2016 report.

Logistics is the second most uneconomical item in order of importance, with a CNF of nearly €58 billion from today through 2030 and with requirements of €4 billion TEU (the unit of container measurement). The extent of the cost of inactivity is more or less similar for the rail and energy sectors — over €55 billion for both. For rail, Agici calculates a requirement of 620 kilometers in high-speed lines and 255 kilometers of conventional lines (which alone are worth nearly €35 billion).

For energy, is calculates a need for energy production plants worth 22,900 megawatts (for a CNF of €43.7 billion), 5,000 kilometers of transmission network and 160 signal boxes (for €12 billion). Some 92,000 kilometers of purifiers and aqueducts need to be replaced (as the sinkhole that opened along the Arno in Florence shows), generating a bill of nearly €32 billion. The longstanding lack of a overall system of management and waste disposal costs the country €2.4 billion, about ten times less than what the CNF calculates as the cost of a viable system. And some 597 kilometers of highways and offramp would be needed for a total of €23.8 billion.



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