



## **Avi Gabbay: A policy of unbundling will not promote investments in infrastructures**

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### **BEZEQ ACTING CEO AVI GABBAY:**

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At the Israel Management Center's conference this morning Acting CEO Avi Gabbay commented on a number of issues related to Israel's communications infrastructures – issues that are under discussion by the Grunau Committee. "The Grunau Committee's recommendations will have tremendous implications on the communications industry and on the future of Israel's communications infrastructure. These are issues that are extremely crucial for the State, no less than for the communications companies. The committee is facing a major challenge and bears tremendous responsibility," said Gabai.

Gabbay spoke about unbundling – the use of a communications company's existing infrastructures by an operator, without the operator having to make any investment. Today unbundling is not implemented in Israel. Avi Gabbay said: "Unbundling is a key issue for the future of the communications industry. The decision to make unbundling mandatory will affect the viability of additional investments in infrastructures and the risks involved for the companies. Every company has a natural desire to invest and grow, the State is not supposed to create the urge or the obligation to invest, but rather the regulatory conditions that will make investing worthwhile and with reasonable risks."

"Can Bezeq, whose hands and feet are tied, regulatorily speaking, make a decision to invest in infrastructures that it will be obligated to rent to all comers at a price that the State will determine and will change whenever it so desires? I think that a responsible management must be very cautious before recommending a tremendous investment to its Board of Directors," said Gabbay.

However, Gabbay stressed that Bezeq, since it was privatized, is continuing to invest hundreds of millions of shekels per year and only recently approved an investment of around NIS 1 billion in Pelephone's 3G infrastructure.

On the subject of universal service Gabbay said: "The level of universal service in Israel is far more extensive than is customary around the world, and all the responsibility is imposed on the companies, with the State not taking part in the matter, despite the fact that the markets are no longer exclusive. It is clear that the development of competition will make the issue more and more problematic.

The Acting CEO of Bezeq added: European experience has proved that when companies like Bezeq are permitted to operate in all areas under regulation that enables them to compete, they invest, and indeed, the internet surfing speeds there are 10 Mbps and more.

However, Avi Gabbay stressed the salient advantage of Bezeq's high speed internet infrastructure over the cable infrastructure. "The ADSL infrastructures, high speed internet using the technology that Bezeq uses have literally conquered the world. Around 80% of the world uses ADSL and only around 20% uses cable infrastructure technology."