

Brazil in Telecom Italia probe

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Telecom Italia has come under further scrutiny in Brazil after it emerged that the Italian group's local mobile phone unit is being investigated for possible fraud amid a widespread crackdown in the sector.

Paulo Bernardo, Brazil's communication minister, on Wednesday ordered regulators to speed up an investigation into allegations that Telecom Italia's local mobile phone unit TIM had been intentionally dropping calls from customers.

The investigation is the latest move by Anatel, the industry regulator, to get tough on operators, which are mostly foreign owned, as the country rushes to improve telecoms services before hosting the World Cup in 2014.

Last month Anatel banned Tim, as well as Mexico's Claro and Oi, part-owned by Portugal Telecom, from selling new services in as many as 19 of Brazil's 27 states as punishment for poor service.

"There needs to be a very rigorous investigation (into Tim)," Mr Bernardo said at a senate hearing. "If it were a case of fraud, it would obviously be out of Anatel's purview. It would be a problem for the police."

According to documents released by Anatel this week, Tim is being investigated for deliberately interrupting calls made by mobile phone users paying per call rather than by the minute on its so-called Infinity plan between March and May of this year.

Tim denied the allegations at Wednesday's hearing, adding that Anatel's reports contained basic technical errors and did not take into account that calls could have been cut off because of other factors such as the customer's battery running out.

For the last couple of years Brazil's booming mobile phone market has proved to be a lifeline for the world's biggest operators. By 2015 it is expected to be worth \$9.4bn, up 64 per cent from 2010, according to Datamonitor.

Last week, Telecom Italia recorded net profits of €1.2bn in the first half after growth in Brazil and Argentina made up for declines in both its fixed-line and mobile businesses in Italy. However, booming demand from Brazil's new middle classes has quickly overwhelmed the country's infrastructure, making dropped calls and poor reception a daily reality in Latin America's biggest economy.

The prospect of hosting the World Cup and then the Olympics two years later has also put pressure on regulators to finally take control of one of the few Brazilian industries that has been allowed to be dominated by foreign companies.

Although Anatel lifted last month's sales bans on the operators last Thursday after Tim, Oi and Claro promised to invest R\$20bn (\$9.8bn) over the next two years, state authorities have also stepped in to put pressure on the companies.

Late on Monday, the state of Paraná in southern Brazil filed a lawsuit seeking to restore the regulator's sales ban, while state prosecutors are also seeking fines and repayment to some subscribers.

Fonte: Financial Times, London, 9 Aug. 2012, International.