

From Taxis to Tolls, Italy Seeks Competition Push

di Christopher Emsden

Italy's new government is expected on Friday to unveil controversial measures aimed at making the country's sluggish economy more competitive, including allowing stores to hold sales outside strictly regulated times and giving out more taxi licenses across the country.

Many of the measures in the proposed legislation, a draft of which was seen by The Wall Street Journal, tackle longtime obstacles to economic growth in the euro zone's third-largest economy.

Friday's decree, which would need to be approved by the cabinet on Friday and then voted on in parliament, is a prelude to a showdown with Italy's trade unions over labor changes that include possibly scrapping a 41-year-old article making it all but impossible to fire employees—a measure demanded by the European Central Bank in August.

Since the single currency was launched in 1999, Italy's economy has grown more slowly than any other in the euro zone, triggering credit-rating downgrades and fueling doubts about the nation's ability to service its €1.9 trillion (\$2.4 trillion) in public debt.

The new measures will aim at rooting out "excessive privileges" and offer more benefits to more people while "not compromising anyone's existence," Italian Prime Minister Mario Monti told Radio Vaticana on Wednesday.

The potential moves are already drawing criticism from many sides, particularly from taxi drivers who are up in arms about a proposal to increase the number of taxi permits issued and allow creation of company-run fleets, a format that could drastically change the profession by turning drivers into employees rather than independent proprietors.

Taxi drivers deserted Rome's Fiumicino Airport in protest Wednesday. Lorenzo Bittarelli, head of the Unitaxi association of Rome taxi drivers, vowed "infernal war" if the government didn't step back.

On the retail front, smaller shops complain that ending regulated sales seasons, now generally in January and late summer, would put them at a competitive disadvantage as enterprises with large inventories are better able to manage discounts.

Another government plan, outlined in the draft, is to give a new independent authority broad powers over the transportation sector. The move would come as NTV SpA, a fast-train service to rival state-owned Trenitalia, is to launch in March, marking the first major private-sector railway venture in continental Europe to challenge an incumbent. Its success will partly depend on the fees it must pay Trenitalia to use the existing rail system.

The government also intends to give the new authority the power to review toll-road concessions and potentially apply a price-cap mechanism later this year. That could change the contracts on which Italian motor-way operators base their investment plans, which rely on bonds issued against the value of long-term concessions—some last until 2038—risking financing strains in the very infrastructure sector the government hopes to stimulate.

Not all of Mr. Monti's proposals are so sweeping. One, for instance, would increase the number of Italy's public notaries—the highest-paid job category in the country according to income-tax filings—by 500 from a limit set in a 2009 law. Still, a 1913 law setting strict geographical quotas on notaries is expected to stay on the books.