# European Commission: Investigation on Funding of Amsterdam Broadband Network

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The European Commission has opened an in-depth investigation under the EC state aid provisions into the investment by the city of Amsterdam in an undertaking that will construct an optic fibre telecommunications network. The network will connect 37,000 households in Amsterdam - with the longer-term aim of bringing fibre to the home (FTTH) all over the city - and will allow retail operators to provide TV broadcasting and telephony services via this system. Such services will compete with existing offers by cable and telecommunication companies, some of whom (UPC and the association of cable operators VECAI) filed complaints with the Commission. The investigation was initiated with the aim of assessing whether the investment by the city of Amsterdam has been made under conditions that a private investor would have accepted. Despite repeated requests to this effect, the Dutch authorities had not provided all the necessary information to prove it has acted as a private investor would in the market.

The promotion of broadband has been repeatedly scrutinised by the Commission as to its compatibility with state aid rules. In the course of those investigations, interventions in rural and remote areas have been approved either as being compatible forms of aid, or as compensatory payments for the provision of Services of General Economic Interest. By contrast, similar state-funded programmes in metropolitan areas, where a competitive market for broadband services already exists, have been more cautiously assessed due to the risk involved of discouraging existing and future investments.

***"Commission opens in-depth investigation into funding of Amsterdam broadband network", press release of 21 December 2006, IP/06/1872***

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