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Press Release

Swisscom must temporarily suspend new fibre-optic partnerships

Following the report and subsequent statements from the Secretariat of the Competition Commission (ComCo) on the partnership agreements for fibre-optic expansion, Swisscom feels compelled to carefully examine all agreements concluded to date with its partners in order to determine whether the partnership model can be adapted at reasonable business risk. New partnership agreements that have already been negotiated cannot be signed for the time being, as the changed situation calls for a rethink of the underlying partnership model.

The current multi-fibre and partnership model has been developed over the last two years through round table discussions chaired by ComCom and involving all parties. This agreement within the sector gave fibre-optic expansion in Switzerland a forward momentum that is unrivalled in Europe. The partnership model developed was intended to establish the basis for rapid and economically viable fibre-optic expansion in Switzerland.

In its report on the fibre-optic partnerships in Basel, Berne, Lucerne, St. Gallen and Zurich, the Secretariat of the Competition Commission (ComCo) criticised various clauses in the agreements that are elementary key aspects of the partnership model. The report and subsequent statements by the ComCo Secretariat make it clear that the Secretariat will simply assess the partnerships on strictly legal grounds rather than waiting to see how the actual market dynamics play out. In doing so, the Secretariat is adopting a market definition by considering the fibre-optic network in isolation and not as part of the overall broadband market, where a diverse range of technologies ensure that there is intensive infrastructure competition. The ComCo Secretariat's assessment of the situation constitutes a de facto ban on the partnerships in their current form. It has also let it be known that it wishes to launch an investigation in the near future.

In view of the ComCo Secretariat's position, Swisscom feels compelled to enter into negotiations with its partners in order to determine whether the partnership model and the agreements concluded to date can be adapted to ensure that they can still be implemented at reasonable business risk. If not, Swisscom cannot rule out the possibility of having to go it alone. Agreements that have not yet been signed must therefore be suspended for the time being due to the need for new negotiations. These new agreements represent an investment volume of CHF 800 million.

Overall, the partnership agreements account for an investment volume of CHF 1.7 billion. The agreements signed to date ensure fibre-optic coverage for some 16% of Swiss homes and businesses, while the partnerships that are still to be concluded would add around 14% more.

Swisscom regrets this development and still believes that the partnerships are vital for the rapid rollout of FTTH in Switzerland, and that they permit competition and secure investment going forward. If Swisscom were to have to go it alone, this would slow the pace of fibre-optic expansion considerably and result in less competition. This would have serious consequences for investment in future infrastructure.

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