



Swisscom statement on ComCom's leased-line decision: competition in cities and for high bandwidths exists

In its ruling published today, the Federal Communications Commission (ComCom) demands that Swisscom offer its competitors all transmission technologies and Ethernet services which are capable of being offered via leased lines at cost-based prices. ComCom's assumption is that Swisscom is market-dominant throughout Switzerland. Swisscom, however, feels that this decision does not sufficiently take economic circumstances into account.

Leased lines are point-to-point connections which permit exclusive data transmission and which telecommunications companies offer mainly to businesses. Besides the commercial offering comprising all types of leased lines, Swisscom also currently offers leased lines with a bandwidth of up to 2 Mbps at cost-based prices outside large cities.

In its ruling, ComCom demands that this offering be extended to large agglomerations such as Zurich, Berne, Geneva and Lausanne and that it include all bandwidths. In addition, it defines the related prices despite the fact that strong competitors in these regions such as cable network operators, electricity companies and alternative telecommunications providers have powerful and widely available infrastructures. The only exception to this ruling are locations where connections are available from at least two different providers. According to the official telecommunications statistics for 2008, Swisscom's share of the resale market was just 15 per cent for transmission capacities over 2 Mbps.

Despite the fact that Ethernet services do not establish any exclusive point-to-point connections and thus, in Swisscom's opinion, do not constitute leased lines that can be regulated, ComCom has mandated that Swisscom must also offer these services at defined prices. Regulation of the entire leased-line market and Ethernet services will eliminate the flexibility Swisscom has with regard to product design and pricing, and put Swisscom at a disadvantage compared with its competitors in the important business customer market.

Swisscom is of the opinion that ComCom's decision fails to sufficiently take the realities of the market into consideration, and that a regulation of Ethernet service prices would extend the statutory framework too far. Swisscom will now examine the ruling in detail and decide what steps to take next. Provisions of CHF 30 million were set aside back in 2009 to cover any liabilities arising from the proceedings. As things currently stand, Swisscom considers this amount to be sufficient.

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