

Swisscom position, 22 April 2025

## Extension of ComCom's powers to include optical fibre network access regulation

## **Background**

- > A motion (25.3023) was submitted by the Telecommunications Committee of the Swiss Council of States (KVF S) to give the Federal Communications Commission (ComCom) additional powers to intervene in the fibre-optic segment; specifically, to have the power to regulate prices and network access modalities. The rationale behind the request is that ComCom cannot currently intervene in the event of a dispute or if an operator does not want to expand the broadband network.
- > The Federal Council has turned down the request, referring to the most recent <u>revision of the Telecommunications Act</u> (TCA), in which parliament deliberately refrained from regulating network access so as not to slow down investment in the optical fibre expansion. In its decision at the time, parliament concluded that competition is working effectively under the existing regulation and that there is therefore no reason for a regulation such as this.
- > This is substantiated by the Federal Council's <u>2024 evaluation report</u> on the Swiss telecommunications market, which states that coverage is excellent, investing activity is strong and the market is competitive.
- > In addition, Switzerland's large fibre optic networks already offer other providers non-discriminatory access to their networks on attractive commercial terms, which is used extensively.

## Swisscom's position

- > Swisscom is an important player in the <u>nationwide fibre-optic network</u> <u>expansion</u>. It continues to invest in upgrading its network, which is necessary to remain competitive with other operators.
- > These investments are financed from current business operations. Swisscom invests approximately CHF 1.7 billion annually in its Switzerland-wide networks and IT. Of this amount, it invests approximately CHF 500 million in the physical installation of fibre-optic cables.
- > The current expansion plan envisages that at least 90% of fibre connections will be upgraded by 2035. However, this plan is based on the current legal framework and projected business performance.

- > If the framework changes and the company's business performance and prospects deteriorate as a result, the expansion plans and investments would have to be adjusted accordingly.
- > Network access regulation, as now proposed by the KVF S, would bring legal uncertainty, impacting Swisscom's business and its anticipated future earnings situation.
- > The Switzerland-wide optical fibre expansion, which Swisscom plans to complete in all municipalities by 2035, is a generational project. For more than 15 years, Swisscom has been continuing the optical fibre expansion in cooperation with regional partners. Through more than 90 partnerships, Swisscom has installed approximately 1.5 million fibre lines in more than 300 municipalities.
- > In the most recent <u>revision of the TCA</u>, parliament carefully considered network access regulation for fibre-optic networks (the majority of which have not yet been built) and ultimately rejected the idea.
- > Swisscom welcomes the current investment-friendly framework. It has thus far resulted in excellent coverage throughout Switzerland by international standards and is important for the rapid, comprehensive optical fibre expansion that is currently underway.
- > It is clear from the situation in other countries that the legislator's decision was the right one. The EU has found that many member states are not investing sufficiently in expansion of the fibre-optic networks, which is clearly attributable to network access regulation (see <a href="here">here</a>). This is why efforts to scale back the regulation have been underway for many years. In the United States, regulation was abolished some time ago for the same reasons.
- > A further rationale behind the motion is the alleged possibility that ComCom could force operators to expand the network. However, ComCom cannot and will not be given this power. The Swiss telecommunications market is completely deregulated and organised as a market economy. Many players, including Swisscom, are listed on the stock exchange. The federal government cannot force any company, including Swisscom, in which it holds a majority stake, to make unprofitable investments. This would primarily hit shareholders, including pension funds and many small savers. An unprofitable expansion of the network must be achieved with other instruments if politically desired. This is precisely why the federal government launched the Consultation on the Broadband Promotion Act in March 2025 based on its Gigabit Strategy. This act would be the appropriate instrument to enable the fibre network expansion in areas where the costs would not be covered and thus avoid gaps in coverage.