

City of St. Gallen and Swisscom sign revised fibre-optic agreement

Swisscom and the City of St. Gallen have together committed themselves to expanding the urban fibre-optic network in the Eastern Switzerland city. Following intensive negotiations, the partnership agreement was amended in selected key areas as required following the negative decision of the Competition Commission (ComCo) on the St. Gallen fibre-optic network expansion.

The City of St. Gallen and Swisscom both made concessions during the requisite follow-up negotiations on the St. Gallen fibre-optic network. The agreement was amended in two major areas, and the clauses on both investment protection and layer 1 exclusivity were completely removed. Now, both St. Gallen Public Utilities (sgsw) and Swisscom third-party companies are offering a so-called passive, unlit fibre-optic cable for use, therefore complying with one of the ComCo Secretariat's key requirements.

Swisscom is pleased with the agreement reached, since it has resolved ComCo's concerns regarding cartel law. Swisscom is assuming approximately 60% of the construction costs. Swisscom has already agreed similar contract amendments in other large cities such as Basel, Berne, Lucerne and Zurich. The amendments were necessary because last September's final report of the ComCo Secretariat raised questions over key elements of the partnership model.

Fibre is rolled out to a new household or business in Switzerland roughly every two minutes. By the end of March 2012, Swisscom and its cooperation partners had connected some 388,000 households and businesses by means of fibre-optic cables running into the basement. This figure is set to rise to around a million by the end of 2015 – one-third of all households.

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