

New agreement secures fibre-optic expansion in Basel

Following the negative decision of the Competition Commission (ComCo) regarding fibre-optic expansion in Basel, Swisscom and IWB held intensive negotiations and amended key areas of the partnership agreement. Certain clauses have been removed and/or amended, meaning that the expansion of Basel's fibre-optic network can now proceed rapidly and without delay. The amended agreement has already been discussed with the ComCo Secretariat.

The goodwill of both contracting parties allowed substantial amendments to be made to the agreement in a very short space of time in order to push ahead with Basel's fibre-optic network. The clauses on both investment protection and layer 1 exclusivity were completely removed. Both IWB and Swisscom are now proposing passive, unlit fibre-optic cable, and have therefore complied with one of the ComCo Secretariat's key requirements.

The mechanism for compensation payments was also clarified. If one partner makes considerably more use of the jointly established infrastructure than its share of the investment entitles it to, the other party shall receive a compensation payment from the contracting party. This mechanism will not apply until after completion of the basic expansion in Basel, however, scheduled for 2018. Swisscom is happy with the agreement, as the expansion can now be pushed forward quickly and with an acceptable level of business risk. Swisscom is investing more than CHF 100 million in fibre-optic expansion in Basel.

Following the report published last September by the Secretariat of the Competition Commission on the partnership agreements regarding fibre-optic expansion, Swisscom worked with the partners to examine amendments to all agreements concluded to date that could be implemented at reasonable business risk. This was necessary as the Secretariat's final report called the underlying partnership model into question. ComCo has told the partners that it is pleased a joint solution could be found. Swisscom's negotiations with the other partners are still ongoing.

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