

Active competition on the broadband market

The Swiss Federal Communications Commission (ComCom) has issued a ruling obliging Swisscom to offer regulated bit-stream access to alternative providers for a period of four years. The decision is based on an assessment by the Competition Commission, according to which Swisscom is judged to have a dominant position in this area of access. Swisscom takes a different view: there is active infrastructure competition and Swisscom cannot act independently on the reseller market. This competition has allowed Switzerland to become the country with the third-highest broadband Internet usage anywhere in the world. Swisscom will examine the ruling in detail and decide what steps to take next.

Swisscom does not consider itself to have a dominant position on the broadband services market. For this reason it has not provided regulated bit-stream offers to its competitors to date. Swisscom's share of the broadband end-customer market is just short of 50%, which is significantly lower than the average for other European countries, despite the fact that the unbundling of the last mile has been implemented in these countries for some years. The low market share is a result of the competition with the cable network providers. Swisscom cannot act independently on the reseller market. Changes to services in the end customer market have resulted in the reseller offering having to be modified.

The Competition Commission identifies Swisscom as having a dominant position on the market compared to resellers because, unlike most cable network providers, Swisscom alone provides reseller offers. However Swisscom should not be penalised for this. The cable network operators have been in a position to make their own reseller offers for years.

Internet providers benefit from attractive reseller offers

Swisscom grants competitors access to the unbundled subscriber lines which also enable bit-stream offerings. Moreover, Swisscom has for years been offering its competitors attractive reseller offers, the latest being DSL broadband access without the traditionally coupled fixed network connection (Naked DSL). All in all, around 30 Internet providers are competing on the Swiss market. There is intense competition with the cable network operators and increasingly with electricity companies and other public utilities.

Good broadband coverage and usage as a basis for the knowledge-based society

Switzerland is among the international leaders when it comes to broadband coverage. And further expansion of the Swisscom broadband infrastructure will boost the country's top-ranking position even further. According to the OECD, Switzerland already ranks number three in the world in terms of broadband Internet access usage (DSL and cable networks). More than 70% of households in Switzerland have fast Internet access.

These extremely high usage statistics are also attributable to the efficiency of competition on the Swiss market. Switzerland owes its good coverage to the competing infrastructures of Swisscom and various cable network providers. Broadband coverage is over 98% and is still being expanded. The DSL technology used by Swisscom allows bandwidths of up to 20 Mbps.

As a result of the competition between the various infrastructures, network investments are also high in Switzerland: in 2006 investments stood at around CHF 300 per capita. This figure is significantly higher than the EU average.

An appeal before the Federal Administrative Court is being examined

Swisscom will examine the ruling in detail and decide what steps to take next. Swisscom has 30 days in which to appeal against the ruling before the Federal Administrative Court, which will make a final decision on the issue of market dominance. Swisscom is not allowed to offer regulated bit-stream access for the duration of the legal proceedings.

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