



Telecommunication Newsletter Switzerland

Swiss Competition Commission Pronounces a Fine against Swisscom of CHF 220 Millions for Price Margin Squeeze in the ADSL Market

Facts

Pursuant to the press release issued on November 5, 2009 by the Swiss Competition Commission, the Swiss Competition Commission found Swisscom to have abusively priced the ADSL wholesale prices which resulted in a price margin squeeze.

The Swiss Competition Commission found that - through this abusive pricing - Swisscom restrained its competitors because they could not profitably operate their ADSL business. The Swiss Competition Commission found the Swisscom pricing to be an abuse of its dominant position in the market.

As per January 2008, Swisscom has reduced its wholesale prices for ADSL. Since that date, the situation for other ADSL providers has improved.

Comment

Swisscom has announced that it will challenge the decision. This is not the first decision where the Swiss Competition Commission has issued a substantial fine against Swisscom. Already in 2007, the Swiss Competition Commission has fined Swisscom in an amount of over CHF 333 million for abusive pricing of mobile termination charges. Swisscom has appealed that decision as well. No final decision has yet been rendered by the Swiss Federal Supreme Court in this matter and no decision on the latest fine imposed against Swisscom can be expected at any time soon.

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