



## Telecommunications Newsletter Switzerland

# Swiss Council of States Votes in Favour of Restricting Bit-Stream Access to the Copper Cable of the Incumbent Operator and Access to the Local Switch

In its recent debate on 30 November 2005, the Swiss Council of States voted in favour of a more restricted unbundling of the local loop than originally proposed by its Commission on Transport and Telecommunication earlier this year. The Commission on Transportation and Telecommunication of the Swiss Council of States has originally recommended a full and technology neutral unbundling of the local loop for all networks including copper fibre, mobile and television broadband.

This change comes not entirely unexpected. The stock price of Swisscom - which is majority owned by the Federal Government - has plunged after the Federal Council has revealed that it will not permit Swisscom to investments in foreign telecommunication operators. Apparently the members of the State Council were more concerned with the protection of Swisscom and the conservation of their "cash cow" than with the original goal of the revision, namely to permit competition and access to the local loop at regulated prices for the benefit of the consumer. A further stumbling stone for new market entrants is that bit stream access will be restricted to the local switch only, which makes bit stream access extremely costly.

The Swiss Council of States further voted in favour of opening the local loop for bit stream access for an unlimited period of time and not only for two years as proposed by the Swiss National Council. After two years, however, the Swiss Federal Council will have to assess whether or not the new market entrants invest in their own infrastructure. Should this not be the case, the right to bit stream access could be revoked.

This change in the attitude of the Swiss Council of States, although not entirely unexpected, is a serious blow to the full liberalization of the Swiss telecommunications market. The interests of the Swiss Government in the financial well being of the majority owned former state monopoly severely blurred the view of the members of the parliament and made an objective debate on the unbundling issue impossible. After the Swiss Federal Council has cut the wings of Swisscom by prohibiting investments in foreign telecommunication operators, the Swiss Council of States saw no other alternative than to guard Swisscom against an open and fair competition in the local loop in order to protect the value of the Swiss Government's stake in Swisscom. For as long as the Swiss Government continues to maintain a majority stake in Swisscom a full and fair liberalization of the telecommunications market in Switzerland seems impossible to achieve

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