



## Telecommunications Newsletter Switzerland

# Mobile termination charges to fall by 25 to 40% by 2009

The three largest mobile telephony providers in Switzerland, Sunrise, Orange and Swisscom Mobile, as well as Swisscom Fixnet, have agreed to lower mobile termination charges. As a result of this agreement, the parties involved have withdrawn their reciprocal interconnection applications with the ComCom and the latter will now write off six pending procedures on this issue. According to the compromise reached by the parties, the mobile termination charges will be stepwise reduced by 25% to 40% by the year 2009.

A year ago, Swisscom Mobile AG, Swisscom Fixnet AG, TDC Switzerland AG (Sunrise) and Orange Communications SA had filed complaints with the ComCom with respect to their reciprocal mobile termination charges. ComCom had suggested the parties try to find an amicable solution on this issue. The parties started negotiations and a solution was finally found between the parties and the pending interconnection applications were withdrawn.

Stepwise price reductions from the previous 20 centimes to 15 centimes by 2009 (-25%) for Swisscom and from the previous 29.95 centimes to 18 centimes by 2009 (-40%) for Orange and Sunrise were agreed between Sunrise, Orange, Swisscom Mobile and Swisscom Fixnet.

According to ComCom, the average of the charges negotiated for 2007 are about 20% above the European average for mobile termination charges in 2006 and are also higher than the current charges in neighbouring countries.

Whether or not these charges are cost-based prices cannot be assessed because a cost analysis could not be performed. ComCom, however, expects that the new charges will have an indirect positive effect on end-user prices, i.e. providers will pass on the reduction in both fixed network and mobile charges to the consumers.

Still pending, however, is an interconnection procedure filed by a fixed network operator to determine mobile termination charges on a cost oriented bases. For as long as this procedure is not settled, Swisscom is at risk that the regulator will find the termination fees to be even lower than the ones offered in the compromise. Since there is a substantial amount of money at stake, it is to be expected that Swisscom will use everything possible to delay the decision. It is, however, to be hoped that this will not take six years as it did for the determination of the interconnection fees for fixnet services.

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