



Telecommunication Newsletter Switzerland

One Mobile Network for the Alternative Providers?

Facts

Marc Furrer, President of the Swiss Communication Commission and of PostReg, proposes to merge the mobile networks of Orange and Sunrise, the two Swiss-wide alternative providers of mobile services (see the interview with Marc Furrer in the *Handelszeitung* of April 16 - 22, 2008¹).

According to the interview, it is of concern to the regulator that despite a sharp decrease of the prices in the telecommunication sector, Swisscom's market share in the mobile sector seems to be increasing. According to Marc Furrer there appears to be only one solution for the alternative providers to effectively compete against Swisscom and reduce their own infrastructure costs, namely by merging their mobile networks.

Comment

The position taken by Marc Furrer is in stark contrast to the regulatory strategy of the past years, where the terms of the licenses granted to the mobile operators mandated them to build their own Swiss wide network. Equally the GSM mobile licenses awarded to the Swiss mobile operators did not provide for a national roaming obligation at cost oriented prices, which could have also helped to reduce the costs for the infrastructure for the alternative providers and thereby accelerate competition. The lack of a national roaming obligation makes it also difficult for Tele2 to become a serious contender for the mobile customers.

The Swiss legislature missed the opportunity with the last revision of the Telecommunication Act to create a flexible regulatory framework which permits the regulator to react to the changes in the market. Not only did the legislature throw out the technology neutral access provisions but also *ex ante* regulation could not find the support of the majority in Parliament.

It appears that the influence of the Swiss former monopolist as a majority state owned enterprise on the Parliament is still a major stumbling block.

In addition, since Swisscom's employees enjoy a strong union support, unlike those of the alternative providers, the influence of the unions on the legislature was also a decisive factor. Last but not least, telecommunication regulation is a rather complex and technical matter which is difficult to understand also for the members of the Swiss Parliament, let alone for the electorate and to quote Marc Furrer, may not really help to win the next elections.

April 17, 2008

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¹ http://www.handelszeitung.ch/artikel/Unternehmen- Ich-will-keine-neue-Monopol-Situation_313146.html