



Renens, 3 August, 2010

## **Orange considers taking action against Swisscom – the latter unwilling to reduce the termination fees sufficiently**

**A review of the latest official telecommunications statistics<sup>1</sup> of the Federal Office of Communications (OFCOM) clearly shows that Swisscom continues to earn a great deal of money from telephone calls that Swiss customers make across networks. Owing to its large market share, most of the connections from landlines or from other mobile networks end up connecting with the Swisscom mobile network<sup>2</sup>.**

By reason of Swisscom's dominant market share in both the landline (with 67.7%<sup>2</sup>) and mobile network (with over 60%<sup>3</sup>) areas, the company charges mobile termination fees of over 1.8 billion in terminated call minutes. This is around three times more than with Orange. Hence, Swisscom, being a clear market dominating company in the landline and mobile network areas, actually pockets the lion's share of the termination fees, at the expense of its landline customers.

Orange has proposed a significant, two-digit percentage reduction in its own termination fees from 1st January, 2011, and has requested that Swisscom likewise reduce its termination fees to an appropriate level. Because termination generates higher costs for Orange than for Swisscom, Orange has similarly proposed to maintain today's difference (asymmetric) of 3 centimes for each terminated call minute.

This proposal is also supported by an official report commissioned by the Federal Office of Communications (OFCOM) in 2009, in which a significantly higher asymmetry was calculated which can not be justified. The underlying assumption in the official report was that the Federal Communications Commission (ComCom) would fix the mobile termination prices within the context of the applicable law, based on an application made to ComCom.

Negotiations with Swisscom have so far been unproductive as a result of Swisscom's refusal to reduce its fees adequately and its insistence on a substantial reduction of the asymmetry., Swisscom can therefore continue to maintain its market dominance, while the reduction of the asymmetry would debilitate the market position of the opposition, and continue to hamper competition considerably, to the disadvantage of the consumer, and in this way, for example, a more aggressive price policy would be prevented.

Therefore, Orange is considering taking action against Swisscom at ComCom.

<sup>1</sup> Official telecommunications statistics 2008, Bundesamt für Kommunikation BAKOM, Telecommunications Service Dept. Biel, 23rd February, 2010

<sup>2</sup> cf. Pages 29 and 51 Official telecommunications statistics 2008, BAKOM



<sup>3</sup> Page 26, Official telecommunications statistics 2008, BAKOM

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