

5th December 2000 : The Conseil de la concurrence launches an inquiry concerning the France Télécom's "Ligne France" tariff offer, and issues interim measures

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In a decision dated 5th December 2000, following a referral by the *Autorité de régulation des télécommunications* (Telecommunications Regulation Authority), the *Conseil de la concurrence* decided to launch an inquiry concerning the France Télécom's "Ligne France" tariff offer, and issued interim measures.

On 18th October 2000, the *ART* submitted a complaint to the *Conseil de la concurrence* regarding France Télécom's "Ligne France" tariff offer, which was scheduled to go on sale at the start of November.

In exchange for payment of a fixed monthly fee, this tariff offer allows customers to obtain an analogue telephone line including a package for local and national calls of a predetermined length. The offer also gives customers access to a complementary service (call signal or call transfer or number display). Communications not included in the package are billed at the price in force and depending on the other tariff options chosen by the customer. To take advantage of this package, private home customers must sign up for a period of one year.

The *ART* claimed that by marketing this tariff offer, it was possible that France Télécom was abusing its monopoly. This is because due to its monopoly, France Télécom is the only telecommunications company able to market an offer combining subscription, local and national communications.

The *Conseil* took the view that, whilst the local loop was officially scheduled to be unbundled on 1st January 2001, it would only take effect after that date and that, given these conditions, France Télécom's competitors were currently unable to propose an offer including a package for local and national communications similar to the "Ligne France" offer. Yet as France Télécom acknowledges, although this offer does not lead to lower tariffs than the other existing tariff formulas for local and national calls respectively, it is still likely to attract consumers by virtue of its apparent simplicity.

The *Conseil* considered that there were no grounds for ruling out the possibility that the marketing of this offer shortly before the local loop was to be opened to competition, had the aim and possible effect of enabling France Télécom to gain, for a period of at least one year, a certain number of private home customers. According to the Conseil, once the unbundling process had effectively been implemented, these customers gained by France Télécom could have become customers of competing telecommunications operators, since then and only then could these operators propose package offers including subscription, local calls and national calls. This "Ligne France" offer, issued by a dominant operator, could thus have the effect of obstructing the process of opening the local loop to competition, and distorting the play of competition on national communications. Consequently, the Conseil decided to launch an inquiry.

Furthermore, the *Conseil*, judging that the marketing of this offer was likely to result in serious and immediate damage to the sector when the local loop was to be opened to competition, approved the request for interim measures submitted by the *ART* and ordered France Télécom to suspend its "Ligne France" offer, until such time as conditions allowing third party operators to propose alternative offers had been effectively introduced.

It should be noted that this is the second time the ART has made a litigious referral to the Conseil, and the first time it has lodged a request for interim measures.

In addition, the Conseil received a request from the Minister of Economy, asking for an opinion on package tariff offers combining local and national calls to

businesses and private households. It is due to issue its opinion in the weeks ahead.