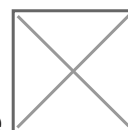


30 November 2015: Mobile telephony in La Réunion and Mayotte

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The *Autorité de la concurrence* fines SFR and its subsidiary in La Réunion 10.7 million euros for implementing abusive practices on the “business” market.

> [Version française](#)



In brief

The *Autorité de la concurrence* issues today a decision in which it fines SFR and SRR, SFR's subsidiary in La Réunion, a total of 10.7 million euros for having implemented, on the mobile telephony market aimed at professional clients, and maintained (for 12 years in La Réunion and 6 years in Mayotte) unfair pricing differences between calls made to other customers of the SRR network (*on net* calls), and calls to its competitors' networks (*off net* calls¹), that were charged at a higher price.

In a prior decision issued in 2014, the *Autorité de la concurrence* had already fined SFR and SRR almost 46 million euros for the same practices implemented on the mobile telephony sector for household customers ([see press release of 13 June 2014](#)).

The *Autorité de la concurrence* has already fined the operator for practicing abusive pricing differentiation on the market for household customers

In 2009, the *Autorité de la concurrence* issued an interim measure² ordering SFR to put an end to unfair pricing differences it had implemented between *on net*

and *off net* calls, as well as a decision penalising SFR for non-compliance with the injunction in full³. The Autorité then issued in June 2014 its decision on the merits of the case whereby it fined SFR and SRR nearly 46 million euros.

Today, the *Autorité* issues its decision regarding the business market, which was investigated separately from the residential one.

Similarly to the market targeting individuals, SRR has implemented excessive pricing differentiation on the business market– regardless of the costs borne – between calls made within its network and calls made to competitors’ networks

From 2000 to 2013 in La Réunion and from 2007 to 2013 in Mayotte, SFR, the leading operator on the two markets with a market share of 60% in La Réunion and 85% in Mayotte, marketed offers with significant price differences between *on net* and *off net* calls. These price differences notably include the offers called *Forfaits Pro*, *Forfait Flotte*, *Intégrale Entreprise*, and *Évidence*.

For example, for the “*Forfait Flotte*”, which from 2000 to 2004 was the only offer made to SMEs, the pricing difference between *on net* and *off net* calls stood at 21.2 euro cents over the period considered, while costs borne were 6.24 cents at most.

This price difference was not justified by the costs borne by SFR

Although the existence of a pricing differentiation is not in itself an infringement, it becomes so when the pricing difference exceeds the differences in price borne by the operator.

In this case, the pricing differences in La Réunion were up to 10 times higher than the differences in costs. In Mayotte, they represented up to almost 3 times the difference in costs.

These offers strongly encouraged companies to subscribe to the most developed network and made competitors appear to be the most expensive networks to call

The excessive pricing differentiation between *on net* and *off net* calls magnified the "club" effect by encouraging professionals to subscribe to SRR, which had

the largest number of customers within the two territories. Companies had in fact every interest in favouring this network in order to maximise chances of calling and being called at attractive prices.

These practices also tarnished and degraded the image of SFR's competitors by making their offers appear more costly.

Serious anticompetitive practices that affected nearly all SME sectors

These offers, which constituted a market standard and involved almost all marketed offers aimed at businesses over several years, affected almost all SMEs.

For these SMEs, already subjected to specific additional costs implied by insularity, these practices increased operating costs and by this fact, limited their possibilities for investing.

The penalty imposed

Consequently, the Autorité de la concurrence imposed a fine of 10.7 million euros on SFR and SRR. In its calculation, it took into account the seriousness of the facts, which aimed to drive competitors out of the market, but it also took into account the moderated importance of the damage to the economy, since competitors, thanks to their own merits, were indeed able to remain in the market. While the Autorité took into consideration the financial power of SFR to justify an increase in the fine, in the end it reduced it by 10 % as the operator did not contest the reality of the facts.

For the record

Over the last few years, the three operators Orange, SFR and Bouygues Télécom have in turn denounced the implementation by their competitors of pricing differentiation practices between *on net* and *off net* calls, which they unanimously considered to be abusive.

In 2009, the *Autorité de la concurrence* fined in particular Orange Caraïbe and France Télécom for having abusively hindered the development of competition by implementing various abusive practices, including a practice of excessive pricing differentiation between *on net* and *off net* calls in the Antilles-Guiana region ([see press release of 9 December 2009](#))/facts and fine upheld by the Paris Court of appeal/appeal rejected by the *Cour de Cassation* (French Supreme Court).

In 2012, the *Autorité de la concurrence* fined Orange and SFR 183 million euros for similar practices in mainland France ([see press release of 13 December 2012](#) /appeal currently pending before the Paris Court of Appeal).

¹ In broad outline, a call is made up of a call origination followed by call termination. For an on net call, origination and call termination occur on the same network and the operator only needs to handle two internal operations. For an off net call, the caller's operator handles the call origination then routes it to the called party's operator, which handles call termination. The called party's operator invoices the caller's operator for this call termination service. Therefore for an off net call, the operator has to handle origination then purchase a call termination service from a third-party operator.

² [See press release of 17 September 2009](#)

³ [See press release of 24 January 2012](#)

> See the full text of decision 15-D-17 of 30 November 2015 on practices implemented on the mobile telephony market for non-residential customers in La Réunion and in Mayotte.

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