Opening of the market for local communications :the Conseil de la concurrence hands down interim measures against France Télécom

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Following referrals by the companies Cégétel and Télé 2, in a decision dated 19th December 2001, the *Conseil de la concurrence* handed down interim measures against France Télécom, ordering the company to cease behaviour impeding the opening of competition in the fixed telephony sector.

Potentially anticompetitive practices within the context of the opening of the local communications market

From 1st January 2002, subscribers will be able to choose a third-party operator for carrying their local calls. They can either preselect an operator for all local calls, or select one on a call-by-call basis. Until now, this option was limited to long-distance calls.

France Télécom offers packages combining competing services such as local communications shortly, and virtual monopoly services, such as telephone line subscriptions and dial-up access to Internet via numbers that must be paid for by the caller (such as 0860 and 0836 numbers).

In September, France Télécom launched an advertising campaign to highlight the advantages of combining the “MaLigne Locale” and “Option Plus” offers, as well as the “Ligne Pro Locale” and “Option Plus” offers : the combination of offers applying to local communications and specific tariffs for local, long-distance and international calls and calls to mobiles, was presented as particularly straightforward and attractive.

Finally, alongside the campaign, France Télécom sent its customers documentation encouraging them to abandon any preselection with another operator if they were interested by the "Option Plus" offer.

With the market for local communications set to open up in the near future, this type of practice is likely to give France Télécom a crucial advantage over its competitors. It has a serious and urgent nature, which fully justifies interim measures.

Four commercial offers suspended

The *Conseil de la concurrence* therefore ordered France Télécom to suspend sales of its "Forfait local", "MaLigne locale", "Ligne Pro Locale" and "Ligne Tchatche" offers to new subscribers. This suspension will be maintained as long as the offers concerned combine competing services with services that remain under a monopoly.

For contracts in progress (where customers have recently subscribed to the offers in question), within a period of three months France Télécom must propose new, separate offers.

Obligation concerning the "Option Plus" offer

The *Conseil de la concurrence* also ordered France Télécom to :

- suspend the advertising campaign launched on 14th September 2001, which aimed to present the combination of the "MaLigne Locale" (or "Ligne pro Locale") with "Option Plus" as a "winning pair" or "a straightforward and economic solution",
- suspend the practice of presenting "Option Plus" as incompatible with the preselection of alternative operators, and to inform all customers who have already subscribed to it that there is no such incompatibility by 31st January 2002.

In December 2000 (decision 00-MC-19 / Ligne France), the *Conseil de la concurrence* had already indicated that packages combining services offered on

markets that were open to competition and services that only France Télécom was able to provide could, by virtue of their simplicity, hold such attraction for customers that they could in fact impede the entry of new operators into recently opened markets.

Similarly, in imposing these interim measures the *Conseil* took the view that sales of the “Forfait local”, “MaLigne Locale”, “Ligne Pro Locale” and “Ligne Tchatche” offers, and the promotion of these offers in association with “Option plus” would potentially impede the opening of the local communication market to competition.

This emergency procedure is not a substitute for a full inquiry into the merits of the case, which will be conducted at a later date and will culminate in a new decision.

See the decision (01-MC-06)