

Competition - Switzerland

Competition Commission opens investigation against Swatch Group

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On June 6 2011 the Competition Commission opened an investigation into the Swatch Group. The investigation aims to determine whether the Swatch Group's decision to stop supplying competitors with certain watch components which are necessary for the manufacture of mechanical movements violates the Competition Act. The Swatch Group was aware that this project might be problematic from a competition point of view and therefore contacted the competition authorities. On the basis of a mutual agreement reached with Swatch Group, the commission ordered provisional measures to apply for the duration of the investigation. The purpose of these measures is to prevent long-lasting damage to competition occurring in the relevant markets.

In particular, the Swatch Group plans to stop supplying mechanical watch movements and assortments (ie, an assembly of linked parts that constitute the components regulating a mechanical watch) to third parties. The purpose of the investigation is to determine whether the Swatch Group's decision constitutes an abuse of its dominant position, thereby violating Swiss cartel law. More specifically, the commission must determine whether Swatch Group's competitors have alternative sources of supply of the components in question, and if so, what the timeframe for their integration would be.

The Swatch Group has shown itself willing to find an amicable settlement taking the form of a phased supply reduction. Thus, the commission's provisional measures provide, among other things, that the Swatch Group must initially continue to supply third parties. In 2012 the Swatch Group will be entitled to reduce the supply of mechanical watch movements to 85% of the quantities purchased in 2010, and to 95% as far as assortments are concerned.

A related investigation which began in September 2009 into the activity of ETA SA Manufacture Horlogère Suisse – a subsidiary of the Swatch Group – in relation to mechanical watch movements is likely to be heavily influenced by the conclusions of the new investigation. Therefore, the ETA investigation has been temporarily suspended.

For further information on this topic please contact [Silvio Venturi](#) or [Pascal Favre](#) at [Tavernier Tschanz](#) by telephone (+41 22 704 3700), fax (+41 22 704 3777) or email (venturi@taverniertschanz.com or favre@taverniertschanz.com).

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