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Europe's Digital Progress Report 2017

Europe's Digital Progress Report (2017)

Telecoms chapter

BELGIUM

1. Competitive environment

Coverage	BE-2015	BE-2016	EU-2016
Fixed broadband coverage (total)	100%	100%	98%
Fixed broadband coverage (rural)	99%	98%	93%
Fixed NGA coverage (total)	99%	99%	76%
Fixed NGA coverage (rural)	86%	88%	40%
4G coverage (average of operators)	no data	95%	84%

Source: Broadband Coverage Study (IHS and Point Topic). Data as of October 2015 and October 2016.

Fixed broadband market

Belgium has extensive wireline broadband coverage: virtually all households enjoy access to fixed-line broadband, and only 1% fewer have access to networks delivering next generation access (NGA) of 30 Mbps or more.

Even in rural parts of the country, fixed broadband access is available to 98% of households, with 88% of them also covered by NGA. A general trend towards data-heavy, fast broadband subscriptions, in which Belgium recorded year-on-year growth of 3 percentage points, is reflected in the coverage statistics, with a twofold increase in NGA (up 2 percentage points). For both basic broadband and NGA access types, Belgium continues to easily outperform the EU average. NGA now covers 88% of the rural population, a figure almost 50 percentage points above the EU average. In the mobile market, Belgium is 11% better off than the EU average in terms of 4G LTE coverage, with some operators already deploying LTE-A technology. The lowest price for a fixed broadband subscription is €26.2, 23% higher than the EU average of €21.33.[1]

Fixed broadband market share	BE-2015	BE-2016	EU-2016
Incumbent market share in fixed broadband	45.6%	46.1%	40.7%
Technology market shares			
DSL	48.8%	48.6%	66.8%
Cable	50.8%	51.0%	19.1%
FTTH/B	0.2%	0.3%	10.7%
Other	0.2%	0.1%	3.4%

Source: Communications Committee. Data as of July 2015 and July 2016.

Charges of Local Loop Unbundling (monthly average total cost in €)	BE-2015	BE-2016	EU-2016
Full LLU	9.8	9.8	9.2
Shared Access	1.5	1.5	2.4

Source: Communications Committee. Data as of October 2015 and October 2016.

[1] Source: Fixed broadband prices in Europe in 2016 (Empirica). Prices expressed in EUR/PPP, VAT included. Data as of autumn 2016.

Cable networks continued to provide the majority of fixed-line broadband access in 2016, closely followed by DSL technologies. Similarly, fibre-based access is still negligible (0.3%) and is well below the EU average (10.7%). Despite an overall reduction in copper-based subscriptions, the incumbent Proximus was able to further increase its market share in fixed-line broadband by 0.5 percentage points compared to 2015.

The Belgian electronic communications market witnessed a number of mergers and acquisitions as well as new entrants in 2016. In February 2016, the European Commission cleared Telenet's acquisition of BASE, Belgium's third largest mobile network operator (MNO). Following the acquisition, BASE announced that it would stop its fixed-line network activities. The remedies imposed led to the Flemish media group Medialaan acquiring stakes in a number of mobile virtual network operators (MVNO), which prospectively should lead to its establishment as a full MVNO. In December 2016, Telenet also announced the acquisition of SFR's cable activities in the Benelux countries, which will strengthen its presence in Flanders, Wallonia and Brussels. Further in-market consolidation took place as Evonet, a Flemish business network operator and service provider, was acquired by one of its competitors, Meritel.

The fixed wireless segment saw new players enter the market by acquiring existing assets. Broadband Belgium purchased spectrum and transmission infrastructure with a view to launching pre-commercial operations of Internet access services by the end of 2016. A similar deal involved Gridmax acquiring the usage rights held by Gigaweb for the provision of fixed wireless Internet access, which the regulator approved in July 2016.

New entrants' DSL subscriptions by type of access (VDSL excluded)	BE-2015	BE-2016	EU-2016
Own network	-	-	0.7%
Full LLU	11.8%	6.9%	75.3%
Shared access	6.3%	4.7%	4.1%
Bitstream	29.1%	32.2%	13.4%
Resale	52.8%	56.2%	6.6%

Source: Communications Committee. Data as of July 2015 and July 2016.

The new entrants' provision of DSL-grade connectivity services in 2016 expanded further, cementing the predominance of active access and reselling. Together, these access solutions accounted for 88.4% of DSL connections provided by alternative network operators, up 6.5 percentage points compared to 2015, while full unbundling fell by 4.9 percentage points and shared access by 1.6 percentage points. DSL access is also falling, given the availability of wholesale cable access and increased customer demand for high-capacity access. This is driven mainly by streaming services like Netflix, which have caused a significant increase in data usage. At the same time, Over-the-Top (OTT) services have slowed growth in voice services and led to a decline in text messaging.

Mobile market	BE-2015	BE-2016	EU-2016
Market share of market leader	40%	43%	34%
Market share of second largest operator	27%	26%	28%
Number of MNOs	3	3	-
Number of MVNOs	4	4	-
Market share of MVNO (SIM cards)	13%	13%	-

Source: Communications Committee. Data as of October 2015 and October 2016.

Despite a number of transactions, including in the mobile domain, the number of MNOs in Belgium remained stable in 2016.

Mobile broadband services in Belgium cost less than the EU average when combined with voice calls. The least expensive offer on the Belgian market costs 13.3% less than the average price of the cheapest offers across all EU countries.

Mobile broadband prices	BE-2015	BE-2016	EU-2016
Least expensive offer for handset (1 GB + 300 calls basket)	28	26	30
Least expensive offer for tablet and laptop (5 GB basket)	26	18	13

Source: European Commission calculations on the basis of Mobile Broadband Price Study (Van Dijk).
Prices expressed in EUR/PPP, VAT included. Data as of February 2015 and February 2016.

However, for mobile broadband connectivity over a laptop or tablet, the corresponding figure for Belgium is 7.7% higher than the EU average. The price of a fixed broadband subscription as a percentage of gross income (1.3%) was higher in Belgium than the EU average of 1.2 %.[2]

Comparative data from October 2015 shows that 69% of Belgian households take out bundled subscriptions compared to the EU average of 50%, making it the third most likely EU country to have households with a services bundle. Television channels are the most important bundled element, selected by 62% of households, which also puts Belgium third in terms of content prioritisation across the EU. However, internet access (58%) and fixed-line telephony (51%) also enjoy a degree of popularity that outstrips the EU averages of 40% and 32%. Even mobile telephony, at 29%, is bundled more than the EU average (23%), although overall usage patterns clearly show that triple play packages remain predominantly based on fixed line technology; nevertheless, growth in quadruple play subscriptions continued in 2016, with more than 1 in 4 bundles now part of this category.[3]

2. Supporting measures for deployment and investment in high-speed networks

a. Spectrum

Harmonised band	**MHz of spectrum assigned**[4]	**% of the harmonised spectrum assigned**
700 MHz	0	0%
800 MHz	60	100%
900 MHz	70	100%
1500 MHz	0	0%
1800 MHz	150	100%
2000 MHz paired	90	75%

[2] Source: Communications Committee. Data as of July 2015 and July 2016.
[3] Source: Special Eurobarometer 438. Data as of October 2015.
[4] Including guard bands.

2600 MHz	160	84.2%
3400-3600 MHz	200	100%
3600-3800 MHz	0	0%

Belgium has assigned 67% of the EU harmonised spectrum available for electronic communications services[5], which is average among the EU countries. Bands not yet assigned have stayed this way due to a lack of market demand, and operators indicate that their immediate needs are well served by existing resources, even though they expect demand to increase in theory as networks become denser and new types of usage are introduced. Against this backdrop, government and industry opened talks on a national 5G strategy in autumn 2016, with political agreement between central/local governments and industry expected to provide more favourable conditions for mobile network deployment in order to strengthen the national broadband strategy. Test licences are set to be issued in 2017. The regulator launched a study in 2016 to explore possibilities for frequency resource sharing. Proximus conducted 5G trials in November 2016.

No auctions took place in 2016, and no existing rights were amended or renewed. The 700 MHz band and a number of other bands are expected to be auctioned before licences expire between 2018 and 2020.

b. EU and national investment in broadband

Fixed basic broadband coverage of rural areas sits at 98%, which is well above the EU average of 90.6%.

The 2015 wider policy strategy *Digital Belgium — Plan for Ultrafast Internet in Belgium* encompasses Belgium's broadband strategy. Its aim is to ensure that 50% of households enjoy 1 Gbps connection speeds by 2020. Belgium plans to achieve this as follows: (1) a common strategic vision for the roll-out of ultrafast internet; (2) broadband for everyone; (3) lower costs for building networks; and (4) a dynamic digital ecosystem. The government also underlined its ambition to get the country into the top 3 of the Digital Economy and Society Index. One of the main priorities here is to adopt a 'light touch regime' to promote investments in non-NGA areas with less than 30 Mbps connectivity. To this end, an agreement was announced between the Walloon Government and MNOs in December 2016 to create greater regulatory predictability for mobile network deployment in exchange for additional investment. It is expected that this will mainly benefit communes that currently suffer from poor fixed broadband coverage or have no coverage at all.

In 2016, Belgium did not make use of the "Connecting Europe Facility" or the Juncker Plan to finance deployment. Nor did it allocate European structural and investment funds to broadband as part of the Operational Programmes. The fact that both national and EU funding play a minor role in domestic broadband deployment reflects the state of the market, with infrastructure present throughout most of the country, offering both basic and NGA products. At the end of 2016 Proximus announced a 3 billion investment plan for the roll-out of FTTC for

[5] This percentage slightly differs from the one used in the EDPR country profile following feedback from the authorities concerned and reflected in the above table.

the coming 15 years. In the meantime cable operator Telenet continued to invest in its cable network with a view to upgrade its network ("De grote Werf") to a "Gigabit" network.

Looking ahead, Belgium intends to draw up a 5G action plan that will complement fixed lines and foster IoT connectivity and M2M applications. While no direct government support is available or planned to support roll-out, the Belgian Government aims to reduce the administrative burden and deployment costs for ICT infrastructure, including high-capacity networks, to further promote market-led investment.

c. State of transposition of the Broadband Cost reduction Directive

Although certain components of the Broadband Cost Reduction Directive 2014/61/EU were already part of Belgian law before the Directive was adopted, formal transposition is not yet complete. The Commission therefore launched infringement proceedings against Belgium in March 2016. Since the start of this procedure, the various parliaments responsible within Belgium have shown signs of progress in enacting it. It is expected that the necessary transposition measures will have been adopted by the summer of 2017.

3. Regulatory function

The Belgian Institute for Postal Services and Telecommunications (BIPT) is generally responsible for market analysis and regulation. All markets have been deregulated under the 2003 and 2007 Recommendations, except for market 18 under the 2003 Recommendation (broadcast transmission); and markets 1 (call origination on fixed broadband networks) and 2 (access to public telephone networks for residential and non-residential customers) under the 2007 Recommendation.

The BIPT did not make enough progress in 2016 on renewing market analyses in six regulated markets into which the Commission had launched investigations in 2015, as the three-year review period had elapsed. These markets, all of which remained subject to previously imposed regulatory obligations, are as follows: market 1 of the 2014 Recommendation (call termination on public telephone networks at a fixed location); market 2 of the 2014 Recommendation (voice call termination on individual mobile networks); market 3a of the 2014 Recommendation (wholesale physical network infrastructure access at a fixed location); market 3b of the 2014 Recommendation (wholesale broadband access); market 6 of the 2007 Recommendation (call origination on fixed networks); and market 18 of the 2003 Recommendation (broadcasting transmission).

However, the BIPT notified remedy decisions on access services to cable networks (market 18 of the 2003 Recommendation) and call termination on public telephone networks at a fixed location (market 1 of the 2014 Recommendation). The latter decision applied a pure BU-LRIC cost model to fixed termination rates for the first time. Since August 2016, both mobile and fixed termination rates have therefore been regulated on the basis of a pure BU-LRIC cost model in accordance with the 2009 Recommendation on Termination Rates[6]. No steps have been taken yet to apply the Non-Discrimination and Costing Methodology Recommendation as analysis of the broadband markets is still pending.

[6] On 15 March 2017, the Market Court (the new name for the Court of Appeals of Brussels where appeals against BIPT decisions are launched) however annulled the decision imposing the level of FTRs due to a failure to notify this decision to the Competition Authorities.

4. Consumer issues

Portability

Number portability		BE-2015	BE-2016
Fixed	Number of transactions [1]	239,441	222,687
	Transactions as a % of total numbers [1]	4.0%	3.7%
	Maximum wholesale price [2]	-	-
	Maximum time under regulation (number of working days) [2]	1	1
Mobile	Number of transactions [1]	729,073	788,231
	Transactions as a % of total numbers [1]	5.5%	5.7%
	Maximum wholesale price [2]	-	-
	Maximum time under regulation (number of working days) [2]	1	1

[1] Source: Communications Committee. Data as of January to September 2015 and January to September 2016.
[2] Source: Communications Committee. Data as of October 2015 and October 2016.

Bundles

There were no specific consumer protection issues with bundles in 2016, although customers generally found it more difficult to monitor usage than on average in the EU.[7]

Transparency

A 2015 survey revealed that 60% of consumers could easily compare bundle offers (EU average 69%)[8]. In addition, 74% and 79% of consumers respectively found it easy to monitor and check their fixed and mobile telephony usage, which was 3 percentage points and 1 percentage point respectively above the EU average.

However, 20% of Belgian consumers were dissatisfied with the information in their contracts (12% reported low satisfaction, and 8% zero satisfaction). This was higher than the EU averages: 9% and 7% respectively.

Roaming

The average retail Eurotariff price for roaming was €0.140 per minute for outgoing calls (EEA average: €0.112) and €0.042 per minute for incoming calls (EEA average: €0.026). Alternative tariffs were more expensive for both outgoing and incoming calls. Text messages cost an average of €0.051 (EEA average: €0.047), while intra-European data roaming cost an average of €0.163 per MB (EEA average: €0.047). This afforded price levels higher than the

[7] See Transparency section below.
[8] Source: Special Eurobarometer 438. Data as of October 2015.

EEA average: 8.5% for text messages, 25% and 61.5% for outgoing and incoming calls and 246.8% for data.[9]

According to article 18 of Regulation (EU) 512/2012, Member States shall lay down the rules on penalties applicable to infringements of the Regulation, and shall take all measures necessary to ensure that they are implemented. In this regard, the general sanctioning regime provided for in the BIPT law of 17 January 2003 as amended would also apply to breaches of the Regulation by operators, including sanctions up to 5% turnover.

Net neutrality

The Belgian Institute for Postal Services and Telecommunications (BIPT) monitors net neutrality in Belgium. It can use a wide range of penalties to address violations of net neutrality rules; the requisite implementing measures were notified ahead of the target date of 30 April 2016. In the autumn of 2016, it was one of the first regulators in the EU to launch an examination of market practices for potential infringement of the net neutrality rules.[10] The regulator also imposed an administrative penalty on a VoIP operator in May 2016 for failing to abide by the notification requirements for providers of electronic communications services; the case has been appealed against.

Without pre-existing net neutrality legislation prior to the adoption of the Open Internet Regulation (EU) 2015/2120, the Belgian authorities neither retained nor adopted additional implementation measures beyond those required by the Regulation. However, an existing measure on transparency requirements for fixed internet access products was revised in 2016 to update the quality of service information and make the measure applicable to mobile internet access products. The first Quality of Service Barometer was published in October 2016, and the BIPT also launched its first investigation into a possible violation of net neutrality rules.

Universal service

In Belgium, both access to a network at a fixed location and social tariffs fall within the scope of universal service, while directories, directory enquiry services and public payphones have been excluded since 2013. As of 1 August 2013, no operator has been designated to offer access to a network at a fixed location.

In 2016, the reform of universal service provisions already started in 2015 had not yet been completed. This means that the current financing system has still not been aligned to reflect European case-law on social tariffs, which established that mobile communications services are not part of the minimum set of services defined by the Universal Service Directive.[11]

112 and access for disabled end-users to emergency services

[9] International Roaming BEREC Benchmark Data Report, October 2015-March 2016, document number BoR(16)160.

[10] The investigation concluded with a report by the BIPT in January 2017, which found that the offers of the operator investigated did not infringe the applicable rules.

[11] C-1/14 *Base Company NV and Mobistar NV* v *Ministerraad*, judgment of 11.6.2016, ECLI:EU:C:2015:378. This is on the relevant minister's agenda for 2017.

In 2016, 71% of Belgian citizens were aware of 112 as the single national emergency number. With 65% being aware that the number can also be used outside Belgium, overall awareness was significantly higher than the EU average (53%).[12]

Disabled end-users can access it via text message and fax. The SMS 112 project gives priority to registered disabled users if there are resource allocation issues.

5. Conclusion

As a market with almost universal fixed infrastructure and decent overall 4G coverage that has in recent years relied solely on private investment to promote network upgrades and build-out, Belgium needs to focus on creating the right framework to encourage further developments. This could be achieved in particular by agreeing on common roll-out conditions across communes and issuing guidance on this basis at regional level, with accompanying planning tools.

Against this backdrop, Belgium should pay particular attention to supporting wireless infrastructure deployment so as to overcome high-capacity coverage issues in remote locations.

[12] Source: Communications Committee, COCOM 17-01, 10.2.2017.