EUROPEAN
COMMISSION

Brussels, 10.5.2017
SWD(2017) 160 final

PART 43/62

COMMISSION STAFF WORKING DOCUMENT

Europe's Digital Progress Report 2017

Europe's Digital Progress Report – 2017

Telecoms chapter

FRANCE

1. Competitive Environment

Coverage	FR-2015	FR-2016	EU-2016
Fixed broadband coverage (total)	100%	100%	98%
Fixed broadband coverage (rural)	99%	100%	93%
Fixed NGA coverage (total)	45%	47%	76%
Fixed NGA coverage (rural)	23%	31%	40%
4G coverage (average over all operators)	no data	69%	84%

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

Fixed broadband market

In 2016, France achieved 100% fixed broadband coverage including rural areas, which is slightly above the EU average of 98%. The situation with regard to high-speed networks is more complex. France has lower coverage than the EU average for both fixed-line next generation access (NGA), which includes all technologies and speeds of 30 Mbps and above, and 4G coverage, with 47% and 69% versus 76% and 84% in the EU. However, significant annual growth has been recorded: according to the national regulator ARCEP, the number of households eligible for NGA (30 Mbps and above) increased from 14.2 million on 30 September 2015 to 15.4 million on 30 September 2016, all technologies alike.[1] Of these 15.4 million households, 6.95 million were eligible for FTTH on 30 September 2016, an increase of 39% compared to the same period in 2015.

While cable still represents the majority of NGA lines (speed of 30 Mbps and above) with 8.9 million eligible households, speeds of 30 Mbps and above are also increasingly available through VDSL 2, with 5.5 million eligible households.

On prices, the cheapest fixed broadband price (12-30 Mbps and above) was €22.99 (higher than the EU average of €21.33).[2]

Fixed broadband market shares	FR-2015	FR-2016	EU-2016
Incumbent’s market share in fixed broadband	39.4%	39.5%	40.7%
Technology market shares			
DSL	87.7%	84.9%	66.8%
Cable	6.8%	7.4%	19.1%
FTTH/B	4.3%	6.4%	10.7%
Other	1.2%	1.3%	3.4%

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

Over the reporting period, the incumbent’s market share in fixed broadband recorded a slight increase, although it was slightly below the EU average (39.5% versus 40.7% across the EU).

[1] Observatoire des marchés des communications électroniques — Services fixes haut et très haut débit (suivi des DÉPLOIEMENTS) — Q3 2016 (published 1.12.2016), http://www.Arcep.fr/index.php?id=13415 .

[2] Source: Fixed broadband prices in Europe in 2016 (Empirica). Prices expressed in EUR/PPP, VAT included. Data as of autumn 2016. Note that in France this price also includes voice and television services.

New entrants' DSL subscriptions by type of access (excl. VDSL)	FR-2015	FR-2016	EU-2016
Own network	-	-	0.7%
Full LLU	86.7%	85.1%	75.3%
Shared access	4.9%	4.3%	4.1%
Bitstream	8.4%	10.6%	13.4%
Resale	-	-	6.6%

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

Charges of Local Loop Unbundling (monthly average total cost in €)	FR-2015	FR-2016	EU-2016
Full LLU	10.6	10.7	9.2
Shared Access	3.6	3.6	2.4

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

Mobile market

Mobile broadband prices	FR-2015	FR-2016	EU-2016
Least expensive offer for handset (1 GB + 300 calls basket)	20	20	30
Least expensive offer for tablet and laptop (5 GB basket)	13	14	18

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

Mobile market	FR-2015	FR-2016	EU-2016
Market share of market leader	34%	35%	34%
Market share of second largest operator	26%	23%	28%
Number of MNOs	4	4	-
Number of MVNOs	50	50	-
Market share of MVNO (SIM cards)	8%	9%	-

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

The French mobile telecommunications market is characterised by intense competition between four main mobile network operators (MNO): *Orange* (formerly *France Télécom*), *SFR*, *Bouygues Telecom* and *Free Mobile* (the latter entered the mobile market in 2012). France has some of the least expensive mobile broadband offers in Europe (EUR/PPP 20 for the cheapest handset offer compared to the EU average of EUR/PPP 30).

There were attempts to push through telecoms consolidation during 2016 which would have reduced the number of main market players from four to three: indeed, *Orange* and *Bouygues Telecom* held merger talks in 2016, but they eventually failed.

One side effect of this competition has been the weakening of mobile virtual network operators (MVNO). In France, the biggest MVNO is Euro Information telecom, which is a full MVNO.

The fixed telecommunications market has the same four main players: *Orange*, *SFR*, *Bouygues Telecom* and *Free.* The number of fixed telephony subscriptions is falling, and amounted to 39 million as of 30 September 2016.[3]

According to ARCEP, nearly all subscriptions to fixed, high-speed or very high speed broadband (99% in Q3 2016) are bundled with at least one telephony service (at least double play offers), and 69% of these subscriptions are also bundled with a TV service (triple or quadruple play). This proportion has been relatively stable over the last 2 years (up 1 percentage point since Q3 2014).

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

a. Spectrum

Harmonised band	MHz spectrum assigned	% of harmonised band assigned
700 MHz	60	100%
800 MHz	60	100%
900 MHz	70	100%
1500 MHz	0	0%
1800 MHz	150	100%
2000 MHz paired	120	100%
2600 MHz	140	73.7%
3400 – 3600 MHz	90	45%
3600 – 3800 MHz	0	0%

In metropolitan France, 63% of the spectrum harmonised at EU level for electronic communications services on terrestrial mobile networks has been assigned.

A substantial part of the 900 MHz, 1800 MHz and 2.1 GHz band authorisations will expire between 2021 and 2024. The French authorities could organise a joint procedure for these three bands between 2019 and early 2021.

The French authorities granted rights to Orange, SFR, Bouygues Telecom and Free Mobile to use the 700 MHz spectrum on 8 December 2015. The licences included the obligation to cover 50% of the population located in a so-called '*priority deployment region'* (which corresponds to 18% of the population in 63% of the French territories) by 2022, and 98% of

[3] Observatoire des marchés des communications électroniques en France, Q3 2016 — résultats définitifs (5.01.17), http://Arcep.fr/index.php?id=13457.

the population of Metropolitan France by 2027. The ultimate aim is to achieve 99.6% population coverage by 2030.

On 5G bands[4], the French authorities will take the results of the EC mandate delivered to the European Conference of Postal and Telecommunications Administrations (CEPT) into account in order to develop standardised technical conditions for spectrum use, which will support the implementation of next-generation (5G) terrestrial wireless systems in the EU, as well as the opinions of The Radio Spectrum Policy Group (RSPG) on 5G. According to ARCEP, the 3.4-3.8 GHz band is likely to become the first main 5G band in France. ARCEP started looking into the matter and launched a public consultation on 6 January 2017 to ask market players about the future uses of a number of frequency bands including 2.6 GHz (unpaired) and 3.5G Hz.

In its Decision of 24 November 2016, ARCEP issued licences for frequency use with the view to enabling 4G take-up in the French overseas territories (Antilles, Guyana, Indian Ocean territories) in the following bands: 800 MHz, 900 MHz, 1800 MHz, 2.1 GHz and 2.6 GHz.[5]

b. EU and national investments in broadband

According to the 2013 French National Broadband Plan '*Plan France Très Haut Débit*' (Plan for Ultra-Fast Broadband in France), all French territories should be covered by broadband speeds of 30 Mbps and above by 2022. France's broadband targets can be said to be in line with the Digital Agenda connectivity objective of 30 Mbps for all citizens, albeit with a longer time horizon.

As most households will be eligible to FttH according to this scheme, they will enjoy downlink links of at least 100 Mbps, possibly upgradable to Gigabit speeds, consistent with the strategic connectivity objective outlined in the European Commission's Gigabit society communication[6]. Nevertheless, the French authorities have anticipated that some areas, especially the most remote ones, may be better served by alternative technologies. Whereas this technological mix could provide a timely and cost-efficient solution, it may not offer the same levels of speed as FttH, at least in a near future. The government publishes a list including the network-roll-out projects in the country initiated under the French Broadband Plan, which is continuously updated. At the end of Q4 2016, 100 departments were involved in the "*Plan France Très Haut Débit*" scheme through 84 projects. €14 billion in total will be invested in the projects of territorial collectivities through so called *"réseaux d'initiative publique"*.

At the end of Q4 2016, 50,6% of dwellings were covered with fixed broadband at or above 30 Mbit/s. The term "dwellings" refers to private homes, companies and public buildings. In the framework of the "*Plan France très haut débit"* scheme, investment in new digital

[4] 5G bands refers to frequency bands in which 5G technologies are likely to be standardized in the near future.
[5] The following operators are authorised to launch 4G in each of the following territories: in Guadeloupe, Guyana and Martinique: Digicel, Free Mobile, Orange Caraïbe and Outremer Telecom; in St Barthélemy and St Martin: Dauphin Telecom, Digicel, Free Mobile and Orange Caraïbe; in la Réunion: Orange, SRR, Telco OI and ZEOP Mobile; in Mayotte: BJT Partners, Orange, SRR and Telco OI.
[6] "All European households, rural or urban, to have access to Internet connectivity offering a downlink of at least 100 Mbps, upgradable to Gigabit speed","Connectivity for a Competitive Digital Single Market - Towards a European Gigabit Society", COM(2016) 587 final.

infrastructures is split between two different categories of areas: on the one hand, investment is carried out by private operators in a number of areas, in general, big agglomerations in so-called "*zones d'initiative privée"* and on the other hand investment is carried out by territorial collectivities in areas called "*zones d'initiative publique".* Broadband coverage at or above 30 Mps was substantially higher in the first category of area at the end of Q1 2016 (63% against 28%). Nevertheless, it can be observed that since early 2016, both categories of areas have been experiencing an increase in coverage: + 22 points more broadband at or above 30 Mbit/s in the "*zones d'initiative privée"* and + 26,5 points in the "*zones d'initiative publique*."

c. State of Transposition of the Broadband Cost Reduction Directive

By the end of 2016 France had not yet fully transposed Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014 on measures to reduce the cost of deploying high-speed electronic communications networks. While legislation to transpose the Directive into French Law has been adopted[7], some secondary legislation was still missing to complete its full transposition[8]. The Commission launched infringement proceedings against France in March 2016.

3. Regulatory function

Market 1 (wholesale call termination on individual public telephone networks provided at a fixed location), market 2 (wholesale voice call termination on individual mobile networks), market 3a (wholesale local access provided at a fixed location), market 3b (wholesale central access provided at a fixed location for mass-market products) and market 4 (wholesale high-quality access provided at a fixed location) of the 2014 Recommendation are still regulated, and the Commission was notified of their corresponding market reviews in 2014[9]. In addition, markets 1 (access to the public telephone network at a fixed location for residential and non-residential customers) and 2 (call origination on the public telephone network provided at a fixed location) of the 2007 Recommendation on relevant markets are still regulated, and the Commission was notified of the last market reviews in August 2014. No new notifications were reported in 2016.

On mobile termination rates (MTR), ARCEP has developed a pure LRIC bottom-up model as a tool to set these rates, which follows the 2009 Termination Rate Recommendation. The model was just updated in December 2016 in order to set the rates for 2018-2020 .

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[7] Ordonnance n° 2016-526 du 28 avril 2016 portant transposition de la directive 2014/61/UE du Parlement européen et du Conseil du 15 mai 2014 relative à des mesures visant à réduire le coût du déploiement de réseaux de communications électroniques à haut debit (JORF n°0101 du 29 avril 2016, texte n° 46).

[8] In the meantime two decrees were adopted on the 30th of January 2017 and published on the 1st of February 2017 in the French Official Journal. Décret n° 2017-110 du 30 janvier 2017 relatif aux délais de règlement des différends mentionnés aux articles L. 34-8-2-1, L. 34-8-2-2 et L. 49 du code des postes et des communications électroniques et au fonctionnement du guichet unique mentionné à l'article L. 50 du même code et Décret n° 2017-111 du 30 janvier 2017 pris en application de l'article L. 49 du code des postes et des communications électroniques et modifiant les articles D. 407-4 et D. 407-.5. The adoption of regulatory measure is still lacking in order to achieve full transposition.

[9] The market analysis review for markets 3a, 3b and 4 is ongoing. On 9 February 2017, ARCEP launched a public consultation on its draft market review analysis decisions for these markets.

In its Decision of 19 February 2016, ARCEP decided to frame the tariffs for copper pairs to provide greater predictability for investments in NGA (30 Mbps and above).

In its Decision of 26 July 2016, ARCEP sent a letter of formal notice to Orange urging it to comply with its non-discrimination and transparency obligations on access to its civil engineering's infrastructure on the business market.

In autumn 2016, Bouygues Telecom lodged a complaint with the French Competition Authority about the national roaming agreement concluded between Orange and Free. Bouygues Telecom requested that the length of extension of the roaming agreement, which currently runs to 2020, be annulled and that both operators be penalised for anti-competitive practices (cartel on the basis of Article 101 TFEU). The complaint is still being assessed.

The French Digital Republic Act ('*Loi pour une République numérique')* adopted in October 2016 strengthened ARCEP's powers. ARCEP is now investigating and enforcing powers to ensure that operators comply with the net neutrality principle. It can also publish coverage maps of mobile operators in open data format to help interested stakeholders develop innovative applications.

Based on ARCEP's proposal, the Ministry of the Economy, Industry and Digital Sector will now set up the modalities and allocation conditions for 'fibre region' status as well as its related rights and obligations. Since 9 October 2016, ARCEP has also been in charge of allocating 'fibre region' status. Granting *'fibre region'* status will trigger the implementation of accompanying measures aimed at migrating all the end-users of a copper network to an FTTH network. Finally, a framework for the experimental use of frequencies and numbers has been defined to encourage experimentation: under certain conditions, ARCEP can now temporarily relieve an operator of its obligations in order to help it develop a new technology or an innovative service from a technical or commercial perspective.

4. Consumer issues

According to ARCEP, the three main complaints in 2016 were pricing and billing (26% of complaints received), availability and quality of service (21%) and number portability (15%). ARCEP received 6,500 complaints in 2016 (compared to 6,300 in 2014 and 7,300 in 2015). However, ARCEP does not have the power to rule on these complaints. It helps complainants by providing them with information about the dispute resolution mechanisms available to them.

Number portability

Number portability		FR-2015	FR-2016
Fixed	Number of transactions [1]	1,730,000	1,868,000
	Transactions as a % of total numbers [1]	-	-
	Maximum wholesale price [2]	-	-
	Maximum time under regulation (number of working days) [2]	1	1
Mobile	Number of transactions [1]	6,016,000	6,891,000
	Transactions as a % of total numbers [1]	6.0%	6.8%

	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.

Roaming

Based on Q1 2016 price levels,[10] the average retail Eurotariff price for roaming customers of French mobile operators was €0.138 per minute for outgoing calls (above the EEA average of €0.112 per minute), €0.033 per minute for incoming calls (above the EEA average of €0.026 per minute) and €0.042 per text message (below the EEA average of €0.047). Data was charged at €0.090 per MB (above the EEA average of 0.047 EUR/MB).

In case of non-compliance with the rules in Regulation (EU) 2015/2120, RDPI, the ARCEP authority responsible for settling disputes, legal proceedings and investigations, can decide to give a formal notice to any non-compliant operator to meet its obligations by a given deadline. If the relevant operator fails to be compliant within the timeframe set by the formal notice, the authority can initiate proceedings against it by forwarding the case to ARCEP's sub-commission, which has the power to impose, if necessary, one of the penalties stipulated in Article L.36-11 of the French Postal and Electronic Communications Code. This law allows it to impose a fine or withdraw the operator's licence.

Net neutrality

Following the adoption of Regulation (EU) 2015/2120, the French Digital Republic Act specifies that ARCEP is the authority in charge of ensuring open internet access, in particular in terms of Articles 3 and 5 of the Regulation. Open internet access is covered by the general enforcement powers of ARCEP (in particular Article L.36-11 of the French Postal and Electronic Communications Code further to the amendments that the French Digital Republic Act brings to this article). If a market player infringes the Regulation and ignores a formal demand to cease the infringement, it could be penalised to the tune of up to 3% of its annual turnover (or 5% in the event of a repeated infringement) or, as a last resort, could be prohibited from distributing a service. The law also provides for specific powers to collect information from all market players on issues such as traffic management.

Quality of service monitoring mechanisms

ARCEP launched a complete review of its quality of service (QoS) monitoring mechanisms at the end of 2016. Going forward, both on the fixed and mobile markets, Arcep intends to focus on crowdsourcing and implement partnerships, particularly with market players, measuring and publishing information on QoS, in order to efficiently improve information and empower end users.

Universal service

[10] International Roaming BEREC Benchmark Data Report (October 2015 — March 2016).

Since 2015, public payphones and printed directories have been excluded from the scope of universal service.

From 2016 onwards, only the biggest operators have been financing the universal service given that the minimum contribution threshold has increased from €5 million to €100 million retail turnover.

On outgoing and incoming calls, the French Digital Republic Act adopted in October 2016 helps deaf, hearing impaired and visually impaired end-users to access electronic communications applications. These enable text-to-speech, speech-to-text, translation into and from French sign language, or transcription into and from the spoken language. These services must be offered at no additional cost to end-users within the limits of reasonable usage. Their conditions are to be defined by decree and in compliance with the quality conditions defined by ARCEP. These decrees have not yet been published.

112 and access for disabled end-users to emergency services

While the 112 European emergency number is in service in France, the Commission services are currently monitoring whether the obligation laid down by Article 26, paragraph 5 of Directive 2002/22/EC (Universal Service Directive) is properly implemented in practice. It has been brought to the attention of the Commission services that the time needed to locate callers using the 112 number might be longer than envisaged under the current European regulatory framework mentioned above.

5. Conclusion

While France performed well in terms of fixed broadband coverage (in both urban and rural areas), fixed NGA and 4G coverage could be further improved. To this end, France is introducing a number of policy and regulatory measures in tandem with the Plan for Ultra-Fast Broadband in France to ensure widespread deployment throughout a large territory that consists of low rural population densities, with extremely high capacity networks capable of meeting future connectivity needs.