



BROADBAND MARKET ANALYSIS

29 January 2015

Executive Summary

At the beginning of 2015, the level of broadband provision in the British Virgin Islands (the “BVI”) is below the Caribbean and global average in terms of speed and proportion of the population with a fixed broadband connection. As the Telecommunications Regulatory Commission’s (the “TRC”) report “Telecommunications Markets in the British Virgin Islands 2009 – 2012”¹ concluded, “a key concern for the BVI is the stagnation in fixed line broadband services from 2009-2012 and the low bandwidth speed available.” The TRC has been monitoring the broadband market over this period and has found prices and speeds offered have remained constant unlike the worldwide trend in falling per megabit (“MB”) broadband prices and rising broadband speeds. In addition, the TRC has received many complaints and is aware of widespread consumer dissatisfaction concerning poor and variable quality of service in the delivery of fixed broadband service. Whilst the TRC is aware of the difficulties in offering an island-wide broadband service given the topographical challenge of the BVI, the TRC is of the view that broadband is such an important part of today’s community’s needs that a light touch regulatory approach of monitoring the market now needs to turn to assess the extent of dominance in the market and to apply regulatory remedies as allowed under the Telecommunications Act 2006 (the “Act”).

In this market analysis we follow a formal approach to market analysis as set out in the Market Review Final Statement², whereby we define the relevant markets for analysis. The broadband market broadly comprises fixed and mobile provision and this analysis sets out separate markets for each, noting the limits to substitutability between fixed and mobile broadband. We focus our analysis on the fixed broadband market based on the view that the mobile broadband market is still a developing market, with evolving technologies such as long term evolution (“LTE”) still to come online in the BVI and therefore any regulatory intervention should focus on the fixed broadband sector in line with other countries such as the UK.

¹ http://www.trc.vg/images/Telecommunications_Markets_in_the_BVI_2009-2012.pdf

² http://www.trc.vg/images/attachments/014_TRC_Market%20Review_Final.pdf

This document is structured into three sections:

- 1. Market Definition**
- 2. Assessment of competition and evidence of dominance**
- 3. Assessment of appropriate regulatory obligations and remedies**

In section one we distinguish between the retail market for fixed broadband provision reaching to business and residential customers and the wholesale market for fixed broadband access whereby the fixed broadband network could be opened up to other public suppliers. In section two, we find LIME BVI to be dominant in both markets:

Key findings:

- **LIME BVI is dominant in the market for fixed retail broadband**
- **LIME BVI is dominant in the market for fixed wholesale broadband access.**

Once dominance has been identified and if it is confirmed through this market analysis consultation, the TRC is then able to implement regulatory obligations on the designated dominant public supplier.

In section three, we broach the subject of possible regulatory remedies and seek feedback on the possible options. The TRC is currently minded to pursue the option to set in place quality of service obligations whereby the designated dominant public supplier is required to provide guaranteed minimum connection speeds based on the package purchased and penalties for outages or delays in service delivery but awaits feedback before detailing this proposal further.

Throughout this document we ask questions which we invite all interested parties to respond to. The questions are listed in annex 1. Responses should be submitted to consultations@trc.vg by 5 March 2015.

In tandem with this formal public consultation, we are also publishing an online consumer survey looking for consumer feedback on broadband use in the BVI. This survey is available on our website, www.trc.vg. The deadline for completing the survey is also 5 March 2015.

Following responses to the consultation and consumer survey, we will produce a second stage consultation document detailing the proposed regulatory remedies.