

Discussion Paper on repealing Commission Regulation (EC) No 107/2009 with regard to ecodesign requirements for simple set-top boxes.

Simple Set Top Boxes (SSTBs) have been sold in an analogue-to-digital transition period, from 2000 to 2016, with a peak of 22 million units in 2010¹. They are disappearing from the market because their functions are already integrated in modern TVs. The preparatory study had already signalled that by 2020 the simple STB might become obsolete and only be replaceable from existing stocks. Volume manufacture would not be required, and small-scale production of a low feature product would not be likely commercially viable. The only risk identified that would result in SSTBs still being on the market was the addition of new features by manufacturers to keep these products on the market. However, this has not realised, since this was the role of feature rich Complex Set Top Boxes (CSTBs) that arrived on the market.

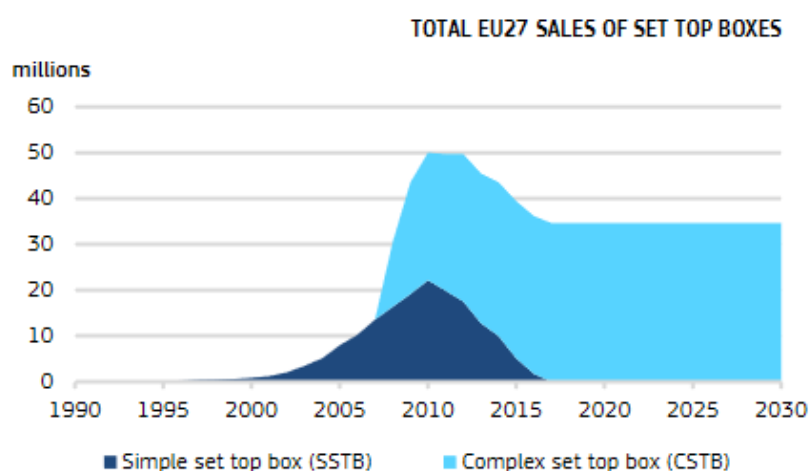


Figure 1: Total EU27 sales of set top boxes (source: Ecodesign Impact Accounting study 2020)

CSTB sales started around 2008, quickly increased to 34 million units per year. In 2009, an industry-led initiative resulted in the CSTB Voluntary Agreement. Back then, set-top boxes were identified as a large and growing contributor toward total residential energy usage, and were the only option for most consumers to access premium digital video programming. However, there are some signs that indicate a change in consumer behaviour when it comes to accessing video content.

While in the EIA study their sales are assumed to remain more or less stable around 34 million units per year over 2015-2030, some evidence suggests that sales are already and will be declining as CSTBs are no longer representative of the future of the video market². Consumers are increasingly watching Internet-delivered streaming video services as alternatives to traditional cable and satellite

¹ The digital transition was completed in 2015 in the EU, except for one band in Romania that was terminated in 2018 (the other band had been switched off in 2015); however, Romania had a 98% penetration of pay TV, so the potential market for STBs related to that band is minimal, http://www.tvr.ro/trecerea-completa-la-emisia-digital-terestra-a-tvr-este-legala_21922.html#view.

² “[...] Much of the forecast shipment losses will come from North America and Western Europe. Both regions have mature TV markets as well as cable and satellite TV subscriber bases that are expected to shrink through 2024. Compared to North America, however, the rate of decline for the cable and satellite subscriber bases in Western Europe is much slower. Additionally, the region’s IPTV segment is still seeing subscriber growth, which is mitigating the decline of total STB shipments to the region resulting in a -3.2% CAGR — a slow descent compared to total North American STB shipments practically falling at a negative 10.6% CAGR [...]” <https://www.spglobal.com/marketintelligence/en/news-insights/blog/global-stb-shipments-to-decline-through-2024-if-pay-tv-subscriber-trends-persist>

video services. These new services have already secured one-third of all video subscriptions in Europe and will likely near or surpass a majority by the mid-2020s. In addition, consumers are also increasingly accessing video without set top boxes using apps on their tablets, smartphones, Smart TVs, and streaming devices such as dongles and sticks. As a combined result of these trends, global set-top box purchases have fallen sharply, especially in markets such as Europe and North America where the cable and satellite markets were already mature. Even before the COVID-19 pandemic that accelerated these trends, revenues from CSTB shipments to Europe were projected to drop by more than 40% from 2018 to 2023³. Purchases reported by the signatories for the VA's final reporting period fell by 23% from the prior year, mirroring an 18% year-over-year decline in CSTB purchases reported by the video service provider signatories of a similar voluntary agreement in the United States.

In view of the above, and taking into account that CSTBs remain always in the scope of Commission Regulation (EC) 1275/2008 and its review regarding limits on their standby and networked standby modes, there seems to be grounds for repealing regulation (EC) No 107/2009. The Commission is interested in the Consultation Forum's perspective on this.

³ S&P Global Market Intelligence, Total global set-top box shipments, revenue to decline through 2023 (20 November 2019)