



Position Paper on the Digital Product Passport (DPP) – a phased Approach for more Effectiveness and Acceptance

Introduction:

The FEC – Federation of European Cookware, Cutlery and Household Industries, and the Industrieverband Schneid- und Haushaltwaren e.V. (IVSH) represent the interests of European and German manufacturers of cutlery and household goods, including kitchen and outdoor knives, pots, pans, appliances and more. Our industry also encompasses products in the personal care sector, such as manicure scissors and razors, and cutting tools for industrial applications. Our sector is predominantly composed of small and medium-sized enterprises (SMEs) and is a great example of the vital European economy, providing thousands of jobs and regional social cohesion. In Germany alone, our industry generates an industrial turnover of approximately 4 billion euros and a total value creation of around 10 billion euros.

Economic and Everyday Importance of Our Products: The products of the cutlery and household goods sector play a crucial role in creating social cohesion, enabling cultural encounters and “get togethers”, and simplifying everyday life. Imagine the joy of cooking a family meal with high-quality kitchen knives, pans or cookware, the excitement of a fishing trip with a reliable outdoor knife, or the cherished moments of whittling wood with a grandparent using a well-crafted tool. Our products also enhance special moments, such as a romantic dinner prepared with the perfect piece of cookware or a professional chef's tool in a high-end restaurant.

Our industry is characterized by high quality and long-lasting products due to superior production and materials. Since the 1980s, we have made significant efforts in the areas of circular economy and sustainability, ensuring that our products not only meet the highest standards but also contribute to environmental protection and resource efficiency. Many of our products hold world-leading positions in both the consumer

goods and commercial sector, including the HoReCa (Hotel, Restaurant, and Catering) industry. This global leadership underscores the importance of maintaining the competitiveness and innovation of our industry.

IVSH and FEC welcome the Commission's initiative to implement the Digital Product Passport (DPP) as part of the new EcoDesign Regulation. However, only if the DPP is designed and executed well because it can create more bureaucracy, create additional burdens and might risk economic competitiveness.

As the representative bodies of our industry, we recognize the positive potential of this initiative to advance sustainability, improve supply chain transparency, and streamline compliance processes. The DPP promises to foster better communication with market partners, increase transparency for consumers, and enable efficient data exchange with authorities. Only when executed in a practical, economically reasonable and user-friendly manner, does it have the potential to generate substantial synergies.

Interoperable and Open Standards: To maximize effectiveness, we emphasize the importance of establishing interoperable, open standards that allow for sector-wide solutions. This will ensure that the DPP will become an essential element to the diverse needs of various industries while avoiding unnecessary fragmentation.

The tight timelines for the DPP system pose significant challenges due to its complexity and the involvement of multiple stakeholders (split competencies and interdependencies between the EU and JTC24 - CEN-CENELEC Joint Technical Committee "DPP"). The risks of implementation are enlarged by the vast amount of sensitive data and the connections between centralized and decentralized components.

To address these challenges, we advocate for a phased implementation model. This allows for a gradual introduction of the DPP system, ensuring early benefits while minimizing risks and complexities. A phased approach will provide the necessary time to address technical and regulatory questions, ensuring that SMEs can adapt without facing overwhelming challenges

Our key recommendations:

International system: The DPP must be a system being used within and beyond the EU. If every market is developing its own system, bureaucracy will get overwhelming. Therefore international standardization and interoperability must be part of the conception.

Phased implementation: We advocate for a phased implementation of the DPP system to maximize early benefits while minimizing risks and complexities for all stakeholders. Thereby, SMEs can adapt without facing overwhelming challenges.

Role of Associations as neutral intra-sector intermediaries: Industry associations should be empowered and legally enabled (within the following framework) to facilitate, provide tailored and certified solutions, such as sector-specific standards and implementation tools. This involvement would enhance the practical usability of the DPP for specialized sectors like ours and would make the implementation more efficient.

Support for SMEs: It is essential to design the DPP system having the special needs and pain points of small and medium-sized enterprises (SMEs) in mind. Solutions must be cost-efficient, straightforward and easy to implement, ensuring that SMEs can comply without disproportionate administrative or financial burdens. A similar principle must also be implemented in the general design of the new EcoDesign regulation. We must reduce complexity for SMEs and mid-caps to ensure European competitiveness. E.g. the AAS – Asset Administration Shell / "Verwaltungsschale" and requirements of mechanical engineering are not per se transferable or fitting to/for consumer goods industry and SME.

Synergy with Existing Regulations to ease bureaucratic burdens: The DPP presents an opportunity to reduce redundancies and bureaucratic burdens or reporting requirements by integrating requirements from related regulations, such as the General Product Safety Regulation (GPSR), European Deforestation Regulation (EUDR), and Corporate Sustainability Reporting Directive (CSRD) and many more. The DPP could be a key driver of the Commission's aim to reduce the overall regulatory burdens.



By harmonizing data collection and reporting frameworks ("data hub"), the Commission could streamline processes and reduce the compliance workload for businesses. By harmonizing data collection and reporting frameworks ("data hub"), the Commission has to streamline processes and reduce the compliance workload for businesses by using synergies.

Long-Term Efficiency Gains needed: We urge the Commission (COM) to prioritize the elimination of duplicative reporting obligations. A cohesive system that aligns with existing regulatory requirements will enhance efficiency, reduce costs, and increase uptake across industries. Ideally, the DPP will be able to reduce these burdens by reducing or eliminating double standards and reporting obligations. We strongly encourage the COM to specifically set up a task force to identify these potentials and consider those from the very beginning of the DPP.

Ensuring a Competitive Market for Implementations: It is crucial to avoid favoring specific technical providers in the design and implementation of the DPP. A competitive and open market for solutions will stimulate innovation and provide businesses with the flexibility to choose the most suitable options.

IVSH and FEC are committed to supporting the DPP initiative and stand ready to collaborate in its development. By addressing the considerations outlined above and, in more detail, below, the DPP can become an important component to shape our industrial future. Without addressing these issues, it might become another burden and coffin nail for our competitiveness.

Protection of Trade Secrets: We are deeply concerned about the trend of including digital product information that contains trade secrets, such as the complete disclosure of supply chains and suppliers. This must be prevented as it poses a significant threat to the competitiveness of our industry.

Let's go into detail:



Phased Implementation of the Digital Product Passport: We advocate for a staged implementation of the DPP system to maximize early benefits while minimizing risks and complexities for all stakeholders. A phased approach will allow for the gradual introduction of the DPP, ensuring that SMEs can adapt without facing overwhelming challenges. The initial phase should focus on establishing a minimal viable DPP system, enabling manufacturers to publish their DPPs with public information on their own web portals or through DPP providers. This will provide immediate benefits while allowing more time to address the more complex aspects of the system.

The proposed staged implementation can be broken down into two main stages:

Stage	Description	Key Actions	Expected Benefits
Stage 1	Minimal Viable DPP System	<ul style="list-style-type: none"> - Manufacturers following the sectorial approach as defined in the ESPR publish DPPs with public information on their own web portals or through DPP providers. - EU Commission establishes the EU Registry, public web portal, and customs integration. - Avoidance of double registration (either public, service providers, or own solutions) 	<ul style="list-style-type: none"> - Achieve early impact by realizing circular economy benefits from the start. - Reduce risks by minimizing implementation complexity. - Meet regulatory deadlines by ensuring readiness by 2027 for initial product groups under ESPR. - Support SMEs by reducing initial bureaucratic and financial burdens.

Stage	Description	Key Actions	Expected Benefits
Stage 2	Full (voluntary) DPP System with Centralized Technical Specifications and Sector-Specific Content and Solutions	<ul style="list-style-type: none"> - Implement identity and access management to provide differentiated access to restricted data. - Develop centralized technical specifications and interfaces to other regulatory requirements. - Allow sector-specific content (e.g., technical specifications, consumer information such as recipes) to be defined by industry associations. 	<ul style="list-style-type: none"> - Ensure comprehensive data protection and security. - Facilitate broader adoption and compliance across all sectors. - Allow more time for SMEs to adapt to the full system requirements. - Address the unique needs of different industries, recognizing that a one-size-fits-all approach is not feasible.

Support for SMEs: It is imperative that the DPP system is designed to be simple, efficient, and free from additional burdens for SMEs. These companies often lack the resources to manage complex systems and should not be disadvantaged by the new regulations. The system must be user-friendly and cost-effective to ensure widespread adoption and compliance. By reducing initial bureaucratic and financial burdens, we can ensure that SMEs remain competitive and capable of contributing to the broader goals of the Ecodesign for Sustainable Products Regulation (ESPR).

Protection of Trade Secrets: The DPP system should not require the disclosure of sensitive business information that could harm the competitive position of companies. Protecting trade secrets is essential to maintaining the innovative edge and market position of our industry.

Moreover, the incentive for producers to use innovative and sustainable materials and production processes must be preserved. This incentive is jeopardized if all information (product design, etc.), especially those not relevant to consumers, becomes publicly accessible through the DPP. Either such information should not be captured, or it should be accessible only in a highly restricted manner through a clear digital rights management system, for example, only to market surveillance authorities.

Compliance with Existing Regulations: Our industry already complies with extensive regulations regarding product safety, food contact, and other areas. It is essential that the EcoDesign and DPP regime does not lead to redundant and overlapping documentation requirements. Instead, the DPP should simplify compliance processes, reduce regulatory hurdles and burdens and should integrate seamlessly with existing regulatory frameworks. This will help avoid unnecessary administrative burdens and ensure that the DPP enhances, rather than complicates, regulatory compliance.

Special Requirements of the Consumer Goods Industry: The consumer goods industry faces unique challenges due to the sheer volume and diversity of products, often numbering in the thousands. A one-size-fits-all solution is not feasible for our sector. Therefore, it is crucial that the DPP system allows for industry-specific solutions that can be developed in collaboration with industry associations like the IVSH and FEC. This approach will ensure that the DPP system is tailored to the specific needs and realities of our industry, facilitating compliance and maximizing benefits. This is a strong argument for formulating minimal requirements that apply to all sectors, while allowing for sector- and industry-specific considerations to be addressed separately.

Reduction of Redundancies with Other Regulatory Requirements: Before advancing the DPP process, it is essential to address and synchronize existing regulatory requirements, such as those from the General Product Safety Regulation (GPSR, safety information, user manuals etc.) and food contact compliance (declarations of compliance). The DPP should not create redundant documentation obligations but should instead streamline and simplify regulatory compliance by allowing electronic documents in the DPP as full alternative to standard documents. This synchronization will reduce administrative burdens and enhance the overall

efficiency of regulatory processes, further justifying a phased implementation approach. It is frustrating to repeatedly emphasize the inefficiencies, time loss, and frustration caused by the lack of synchronization, which disproportionately affects the SME sector. The overall target has to be in line with the Commission efforts to reduce regulatory and bureaucratic burdens significantly (compass, Draghi-Report) – at this point we are very skeptical about the possible contribution of the EcoDesign and DPP framework to reducing bureaucratic burdens.

Ensuring Compliance by Non-EU Actors: It is crucial to ensure that non-EU economic operators also comply with the DPP requirements to avoid creating a two-tier system that disadvantages European companies. Measures must be taken to enforce compliance among non-EU providers, similar to the much needed approach taken in the e-commerce sector. This will ensure a level playing field and prevent unfair competition. The IVSH has previously highlighted this issue in our positions on e-commerce and online trade, emphasizing the need for robust enforcement mechanisms to ensure that all market participants adhere to the same standards.

Implementation Priorities: To ensure effective implementation of the DPP, the following priorities should be addressed:

- **Regulatory Clarity:** Clearly describe the staged implementation to provide regulatory clarity and ensure that all stakeholders understand the requirements and timelines.
- **Technical Standards:** Establish clear priorities for the development of technical standards to support the DPP system. This includes defining data formats, interoperability requirements, and security protocols to protect sensitive information. The standards should be open standards and allow for additional functionalities defined by the sectors or individual economic operators.
- **Stakeholder Engagement and small-first approach:** Engage with industry stakeholders, including SMEs, to gather feedback and ensure that the DPP system meets the needs of all participants. This collaborative approach will help identify potential challenges and develop practical solutions.

Conclusion: In conclusion, we support the staged implementation of the Digital Product Passport system. It is crucial to ensure that the system is accessible and manageable for SMEs, protects trade secrets, and integrates with existing regulations without creating additional burdens. By adopting this approach, we can enhance the competitiveness of our industry while achieving the goals of the EcoDesign for Sustainable Products Regulation. The IVSH and FEC are committed to working with policymakers and industry stakeholders to develop a DPP system that supports innovation, sustainability, and economic growth.

Given the arguments and recommendations presented, an adjusted timeline and phased/staged implementation are urgently needed to prevent negative experiences like those encountered with the EUDR or GPSR. This will ensure acceptance and implementation, especially among SMEs, and avoid a potential fiasco like the deforestation regulation.

Furthermore, the DPP system must allow for industry-specific solutions to address the unique challenges faced by different sectors. It should as well open the door to new applications enlarging the opportunities a new digital tool offers. However, protecting trade secrets is essential to maintaining the innovative edge and market position of our industry. The incentive for producers to use innovative and sustainable materials and production processes must be preserved, and this is jeopardized if all information becomes publicly accessible through the DPP. Either such information should not be captured, or it should be accessible only in a highly restricted manner through a clear digital rights management system.

Additionally, it is crucial to ensure that non-EU economic operators comply with the DPP requirements to avoid creating a two-tier system that disadvantages European companies. Measures must be taken to enforce compliance among non-EU actors, similar to the approach taken in the e-commerce sector. This will ensure a level playing field and prevent unfair competition.

By addressing these priorities, we can develop a DPP system that supports the competitiveness and sustainability of our industry while achieving the broader goals of the Ecodesign for Sustainable Products Regulation.

About IVSH

The Industrieverband Schneid- und Haushaltwaren e.V. (IVSH) represents companies in the cutting and household goods industry across Germany. This industry is responsible for thousands of jobs and billions in revenue in Germany. The sector produces high-quality everyday products that are appreciated and loved worldwide and contribute to social cohesion.

About FEC

The FEC was founded in 1952 to represent the interests of European manufacturers of cookware, cutlery, cutlery parts, and household articles. It promotes cooperation among its members, provides assistance and support for economic and technical improvements, works on defining technical standards, and officially represents the common interests of its members to international authorities, particularly the European Commission in Brussels.