

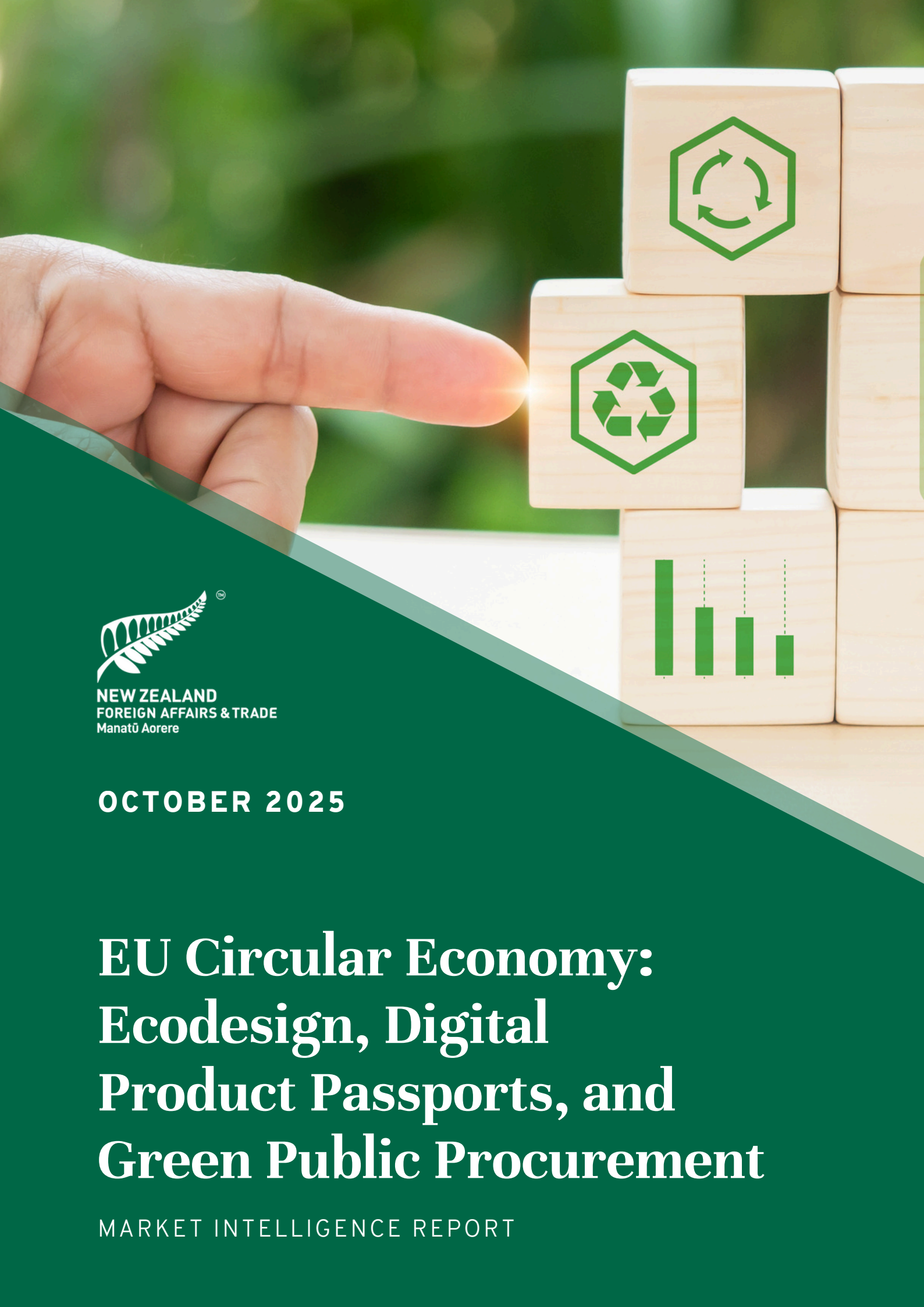


NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

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EU Circular Economy: Ecodesign, Digital Product Passports, and Green Public Procurement

MARKET INTELLIGENCE REPORT



Summary

Why it matters – what to watch out for

- The EU's new Ecodesign for Sustainable Products Regulation will reshape market access, requiring exporters to meet strict sustainability standards and implement Digital Product Passport. This will introduce opportunities in compliance services and green tech, but also risks around cost, regulatory complexity, and supply chain disruption. Early preparation and audits will be essential to avoid market access barriers and leverage green procurement incentives.

Overview

- The EU's new [Ecodesign for Sustainable Products Regulation](#) (ESPR) lays the foundation for a wave of new sustainability focused product standards. Meeting these circular economy standards will be a requirement for New Zealand businesses exporting affected consumer products to the EU market.
- Building on a previous [Ecodesign Directive](#), the European Commission is focusing first on developing ecodesign standards for a list of product categories which have significant environmental impact.
- The sustainability standards relate to a product's durability, reliability, reusability, reparability, ability to recycle, resource-use/efficiency, and wider environmental impact.

- Products will need to:
 - Use less energy;
 - Maintain a longer period of reasonable usage;
 - Be more easily repairable;
 - Contain parts which are more easily disassembled for the purpose of further use;
 - Be composed with either no, or fewer, substances of concern;
 - Be more easily recyclable and/or contain more recycled content;
 - Maintain a lower carbon and environmental footprint over its lifecycle;
 - Improve the availability of product sustainability information.
- Longer term, the ESPR aims to improve the free movement of environmentally sustainable products in the EU, double the rate of circularity for materials used in the bloc, and reduce their carbon and environmental footprint.
- It also mandates the introduction of a Digital Product Passport (DPP) to collect and convey sustainability information to relevant authorities and consumers. Across individual product categories, DPPs have the potential to streamline and support compliance for businesses while demonstrating sustainability credentials to end consumers.
- New green public procurement requirements for EU authorities and a framework to ban the destruction of unsold consumer products are part of ESPR. In parallel, the European Commission plans to reduce costs and eliminate trade barriers for environmentally friendly products.
- For exporters to the EU, the regulation presents both costs and risks, as well as opportunities. These vary depending on the product and supply chain complexity.

Report

Which products and businesses are affected?

Once standards are fully developed, the ESPR will apply to almost all categories of physical goods (except for specific categories such as food, animal feed, medicinal products, living animals/plants/micro-organisms, and certain vehicles). This will extend to all products placed on the EU market, regardless of whether they are produced inside or outside the EU (including in New Zealand).

Manufacturers, importers, distributors, dealers, and service providers will all be impacted to varying degrees. Depending on where these economic actors sit in the supply chain, they will need to comply with several obligations including the need to ensure compliance, prepare relevant technical documentation, ensure the product is identifiable with clear contact details for customer inquiries or complaints, and provide instructions relating to relevant aspects such as repair and maintenance. Where these do not comply with ESPR requirements, corrective action must be taken including withdrawing or recalling the product in question and informing market surveillance authorities. The Commission will provide tailored guidance for small and medium sized enterprises as part of each of the product standards they adopt through to 2030.

The ESPR will not apply where other frameworks already address sustainability requirements adequately, such as EU rules on [packaging and packaging waste](#).

What are the new eco-design requirements?

From 2025 to 2030, the Commission will focus on adopting a first tranche of eco-design standards covering textiles/apparel (in 2027), furniture (in 2028), tyres (in 2027), mattresses (in 2029), steel (in 2026), and aluminium (in 2027). This will cover horizontal requirements [1] for repairability (by 2027), and the recycled content and recyclability of electrical and electronic equipment (by 2029). This plan of action will be regularly updated and made publicly available by the Commission.

Depending on the nature of the specific product categories, the ESPR outlines the scope for the kinds of eco-design elements that the Commission will expect products to meet.

This includes:

- Durability and reliability of the product (i.e. its expected lifespan);
- Ease of repair and maintenance (including availability and affordability of replacement parts);
- Ease of upgrading, reuse, remanufacturing, and refurbishment;
- How well the product is designed for recycling;
- Whether technical fixes would impact reuse, upgrading, repair, maintenance, refurbishment, remanufacturing, and recycling of products and components;
- Any use of substances of concern and their impacts on human health and the environment;
- Use of energy, water, and other resources, and related impact on deforestation;
- Use or content of recycled materials and their recovery, including critical raw materials;
- Use or content of sustainable renewable materials;
- Weight and volume of the product and its packaging (including product-to-packaging ratio);
- The extent to which used components have been incorporated;
- Overall environmental footprint of the product including their carbon and material footprint;
- Microplastic and nano-plastic release including in manufacturing, transport, use, and end of life stages.
- Air, water, or soil emissions released during one or more of the life cycle stages;
- Functional performance, including ability to perform the product's intended use.

Digital Product Passports

One of the main innovations of the ESPR is the creation of [EU Digital Passports](#) (DPPs). These digital data sets correspond to products and product components and will be used to prove compliance with relevant eco-design requirements specific to each product category as these are developed.

For businesses, DPPs will become a centralised, efficient, and standardised way to demonstrate compliance across range of environmental requirements. By making sustainability information electronically accessible, it will be easier for consumers, manufacturers, and public authorities to make informed purchasing decisions based on verifiable sustainability credentials.

By July 2026, a registry for digital product passports will be created by the Commission to securely store the unique identifiers of DPPs. The registry will also store the unique identifiers for batteries required under the related [EU Batteries Regulation](#). To increase transparency, the Commission will manage a public web portal, enabling consumers to search for and compare the sustainability information provided in the product passports.

Ban on the destruction of unsold consumer products

From July 2026, the destruction of certain unsold consumer products, such as articles of clothing, accessories and footwear, will be prohibited. The ban will require businesses which discard unsold consumer products, or which have unsold consumer products discarded on their behalf, to disclose disposal information annually. Small and medium-sized businesses must comply with this rule by July 2030.

Some justifications for disposal are allowed including for health, hygiene, and safety reasons; damage from handling which cannot be repaired cost-effectively; where products are not accepted for donation or are unsuitable for re-use or remanufacturing; potential infringement on intellectual property rights from resale; or where destruction would have the least negative environmental impact.

Green Public Procurement

Another innovation of the ESPR is an obligation for contracting authorities to award public contracts with minimum requirements that incentivise the supply and demand for environmentally sustainable products. Minimum requirements will be based on the two highest performance levels set out in each individual product category, and award criteria will have a minimum weighting of between 15% and 30%. Public procurement targets will need to require a minimum of 50% of all procurement for products to be at the most environmentally sustainable level possible, though this can be achieved on either an annual or multi-annual basis.

Next steps

The European Commission will now work on adopting tailored eco-design standards and DPPs for the product categories listed in its [2025 – 2030 workplan](#).

Businesses operating within these sectors (textiles/apparel, steel and aluminium, furniture, mattresses, and tyres) should take note of the development of the standards, as well as the horizontal requirements on repairability and the recycled content and recyclability of electrical and electronic equipment. The ESPR builds on an existing [Ecodesign Directive](#) under which progress for standards on 19 energy-related product workstreams is expected to continue until the end of 2026.

Even where products have not been incorporated into an ESPR product standard, businesses operating in the EU will need to be aware of the general ban on the destruction of certain unsold consumer products and the related mandatory annual reporting framework expected to take effect in 2026.

Opportunities for New Zealand

The creation of DPPs contained within the ESPR presents potential opportunities for New Zealand businesses e.g. acting as a 'one stop shop' for compliance beyond the ESPR in areas of EU environmental regulation, making it easier and more efficient for businesses with different sets of sustainability obligations. They also present an opportunity to communicate a range of circularity-related information to EU consumers, increasing transparency and trust in a market which values provenance and sustainability credentials.

The ESPR's push for increased green public procurement is also an opportunity for New Zealand businesses operating in clean tech. The ESPR sits alongside other EU legislation with similar green procurement imperatives, including the [Net-Zero Industry Act](#), [Construction Products Regulation](#), and the [Energy Efficiency Directive](#). Green public procurement is also expected to play a role in the upcoming [EU Bioeconomy Strategy](#).

Costs and Risks

At the same time, the regulation presents costs and risks, which vary depending on the product category and supply chain complexity. Costs include:

- Compliance and certification: exporters must ensure products meet new eco-design requirements related to durability, repairability, recyclability and energy efficiency;
- Digital Product Passport: setting up systems to generate and manage DPPs will involve IT infrastructure investment and data management costs;
- Product redesign and innovation: companies may need to redesign products to meet the new standards;
- Operational adjustments: ESPR bans the destruction of unsold goods, requiring exporters to develop disclosure, reverse logistics and/or recycling systems.

Risks include:

- Market access risk: non-compliant products may be barred from entering the EU market;
- Regulatory uncertainty: ESPR is a framework regulation with specific rules to be developed via delegated acts. These will vary by product and evolve over time;
- Increased scrutiny and enforcement including market surveillance and enforcement actions for non-compliance;
- Supply chain disruption: ESPR applies across the supply chain so exporters must ensure upstream suppliers also comply.

New Zealand exporters are encouraged to familiarise themselves with the new rules to ensure compliance, and prepare for the implementation of the DPP by integrating necessary data tracking and reporting systems.

New Zealand companies engaged in relevant business in the EU area are also encouraged to commence comprehensive audits of their current products and processes to identify necessary modifications to meet the new requirements.

While companies will no doubt have to undertake such audits, until the relevant product category standards have been implemented through Delegated Acts in the EU it may be difficult for them to conduct any audits that comprehensively meet the requirements of the regulation.

Useful links

- European Commission: [Ecodesign for Sustainable Products Regulation: Frequently Asked Questions](#)
- Linklaters: [Navigating the new Ecodesign Regulation: Practical Implications for Companies](#)
- White and Case: [Eight key aspects to know about the EU Ecodesign for Sustainable Products Regulation](#) | [White & Case LLP](#)
- Fieldfisher: [Ecodesign for Sustainable Products Regulation – the adoption of a new EU framework for product sustainability](#)
- IEEP: [External impacts of new EU sustainable product standards](#)

Note: MFAT is not responsible for the content and accuracy of these reports.

[1] The term “horizontal requirements” refers to cross-cutting rules that apply to multiple product categories, rather than to just one product type. In terms of repairability, it means repairability standards that apply to a range of products with similar characteristics.

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