Expert Workshop on Green Public Procurement

Meeting Report

Environmental Development Centre (EDC)
Beijing, China
June 11th, 2008
This paper was prepared by Environmental Development Center of Ministry of Environmental Protection of People’s Republic of China (EDC) in collaboration with the United Nations Environment Programme - Division of Technology, Industry and Economics (UNEP/DTIE) and the European Commission (EC), Directorate General Environment.

It was written by Ms. Zhang Xiaodan, Division Director of Environmental Development Center of Ministry of Environmental Protection of People’s Republic of China (EDC), in co-operation with Mr. Liu Zunwen from the Environmental Certification Center of MEP, Ms. Isabella Marras from UNEP DTIE, Ms Wei Zhao from the UNEP Regional Office for Asia Pacific and with contributions from Mr. Zhou Caihua from the Environmental Certification Center of MEP.

**UNEP Disclaimer**
The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the United Nations Environment Programme concerning the legal status of any country, territory, city or area or of its authorities, or concerning delimitation of its frontiers or boundaries. Moreover, the views expressed do not necessarily represent the decision or the stated policy of the United Nations Environment Programme, nor does citing of trade names or commercial processes constitute endorsement.

This meeting report has been produced in the framework of the project “Sustainable Consumption and Production Roundtables in South Africa and Brazil and follow-up expert meetings in India and China” with funding from the European Union.

This paper is not an official UN or EU or MEP publication.
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>3</td>
</tr>
<tr>
<td>BACKGROUND</td>
<td>3</td>
</tr>
<tr>
<td>WORKSHOP SUMMARY</td>
<td>4</td>
</tr>
<tr>
<td>OPENING SESSION</td>
<td>5</td>
</tr>
<tr>
<td>WORKGROUP: THE STATUS OF GREEN PUBLIC PROCUREMENT IN CHINA AND</td>
<td>7</td>
</tr>
<tr>
<td>INTERNATIONAL EXPERIENCES</td>
<td></td>
</tr>
<tr>
<td>ROUNDTABLE DISCUSSION</td>
<td>10</td>
</tr>
<tr>
<td>CLOSING CEREMONY</td>
<td>11</td>
</tr>
<tr>
<td>CONCLUSIONS AND RECOMMENDATIONS FOR FURTHER ACTION</td>
<td>12</td>
</tr>
<tr>
<td>ANNEX I: BACKGROUND REPORT</td>
<td>16</td>
</tr>
<tr>
<td>ANNEX II: AGENDA</td>
<td>42</td>
</tr>
<tr>
<td>ANNEX III: LIST OF PARTICIPANTS</td>
<td>45</td>
</tr>
<tr>
<td>ANNEX IV: PROJECT DESCRIPTION</td>
<td>49</td>
</tr>
<tr>
<td>ANNEX V: SLIDES OF PARTICIPANT</td>
<td>50</td>
</tr>
</tbody>
</table>
INTRODUCTION

The Expert Workshop on Green Public Procurement (GPP) was held in Beijing, China, 11 June 2008. The event was co-organized by the Environmental Development Centre of the Ministry of Environmental Protection (EDC) and by the Environmental Certification Centre of the Ministry of Environmental Protection (CEC), with the United Nations Environment Programme (UNEP) and the financial support of the European Commission (EC), and of the Ministry of Environmental Protection of the People's Republic Of China (MEP).

Over 50 participants representing international organizations, Chinese national and local government, central government Procurement Centers in China, consumer organizations, research institutes, relevant NGOs and industry stakeholders from China and overseas attended the meeting.

BACKGROUND

The Johannesburg Plan of Implementation, states that "Fundamental changes in the way societies produce and consume are indispensable for achieving global sustainable development". UNEP, together with UN DESA, are the leading UN agencies in promoting and supporting the development of regional and national strategies on SCP and coordinating the international cooperation for the development of a 10-Year Framework of Programmes on Sustainable Consumption and Production (SCP). This process - launched in Marrakech, Morocco in 2003 – consists of both political and concrete actions and initiatives in various domains of SCP such as sustainable procurement policies and pilot projects.

The Marrakech process functions through regular international and regional consultations during which policies and concrete actions are designed and implementation reported. The process also consists in coordinating a number of Task Forces, focused on various issues of relevance to SCP such as Sustainable procurement, sustainable building and construction, education for SCP, tourism, Africa, etc. UNEP and UN DESA also encourage and seek the involvement of development agencies and development banks into the Marrakech Process.

In this context, the China Roundtable on Sustainable Consumption and Production was held on May 26 of 2006 in Beijing, as one of a series of Marrakech Process SCP roundtables. The seminar involved experts from the United Nations Environment Programme (UNEP), the European Commission (EC), the United Nations Development Programme (UNDP), the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), European Union member countries, the Ministry of Finance of China (MF), the State Environment Protection Administration of China (SEPA), China Consumer Association, the China Social Party, business representatives and Non-Governmental Organization (NGOs). (Participants list attached in annex IV). This seminar discussed the potential for the development of SCP in China and the priority areas in which cooperation with external actors could help advance its implementation. Among these priorities, emerged the need to work on environmentally sustainable procurement and to provide support to China for the further
In July 2007, SEPA and UNEP initiated to discuss a project on sustainable procurement aimed to implement the recommendations of the SCP roundtable and to investigate the most effective ways to ensure that the legal and regulatory systems are operational and that green procurement is actively enforced across the public administration. These discussions resulted in the decision to proceed at the analysis of the procurement situation in two product categories (lighting and copiers), and to organize an expert workshop to design solutions that could help mainstreaming environmentally sustainable procurement in China with regards, as an example, to these first product categories. It was decided that the project was going to be implemented with funding the EU provided UNEP to follow up the results of the above described 2006 SCP roundtable. It was agreed also that -based on the results of the workshop- a new project proposal would be jointly drafted for the testing of the solutions envisaged (Final project description in Annex III).

WORKSHOP SUMMARY

The workshop took place in the framework of the “International Sustainable Consumption Conference and workshops on green procurement and eco-labelling”, which held in 10-12 June of 2008, hosted by Ministry of Environmental Protection of the People's Republic Of China (MEP), the Ministry of Finance of the People's Republic Of China (MOF), the United Nations Environment Programme (UNEP) and the European Commission (EC).

The Conference included one plenary session and four thematic sessions on “Green Public Procurement”, “Eco-labelling”, “Government Procurement and Environmental Protection Policy” and “International Approaches for Green Purchasing and Greening Supply Chain”.

The Chinese Government pays an increasingly high attention to the challenges and opportunities of sustainable development. On December 3rd, 2005, the Chinese State Council promulgated “the Decision of the State Council on the Implementation of the Outlook on Scientific Development and Strengthening Environmental Protection (No. [2005]39 document of State Council)”, which stresses: “more efforts shall be made to advocate environment-friendly consumption pattern, promote eco-labelling, environmental certification and Green Public Procurement system. The Seventeenth National Party Congress of the Chinese Communist Party brings forward the striving objectives of building a well-off society, one of which is building ecological civilization and formulating the new consumption patterns. In our country, the important mission of environmental protection is reducing the energy demand and polluting emission in China and building the resource-saving and environment-friendly society. The basic mission of building an environment-friendly society is formulating a vision of sustainable consumption and production patterns. The International Sustainable Consumption Conference pays attention to the development of eco-labelling schemes and of green procurement and discuss in the following fields: the sustainable consumption status in China and in the world, the relationship between sustainable consumption and environmental protection, green procurement experiences worldwide, the
development and international mutual recognition of environmental labels and International Approaches for Green Purchasing and Greening Supply Chain. The conference provides a stage for networking, and experience communication among governmental officials, experts, NGO representatives and the enterprise managers civil and abroad. This is meant to be the most important conference on sustainable consumption and an important action towards building an ecological society and shaping sustainable consumption patterns in China.

The 11 June workshop on Green Public Procurement, which is one of the 4 thematic sessions of the International Sustainable Consumption Conference, was the results of 6 months of work of the Chinese MEP, the EDC and UNEP to analyzing the current situation of green procurement in China and then formulate possible solutions to promote public green procurement, and reduce the obstacles to its successful implementation in China in consultation with a large number of international experts.

The workshop consisted in one opening ceremony, a workgroup session, a roundtable discussion and a closing ceremony. The agenda of the workshop is provided in ANNEX II. The workshop hosts introduced the background of the project and the objective of the workshop in the course of the opening ceremony. The workgroup session focused on the status of Green Public Procurement in China and on various international experiences. The roundtable discussion allowed participants to design specific recommendations for the mainstreaming of GPP in China, identifying key challenges, policy recommendations and proposals for follow-up actions. These recommendations were all confirmed in the course of the closing session. It must also be reminded that the presentation from the Ministry of Environmental Protection (MEP), Ministry of Finance (MOF), United Nations Environment Programme (UNEP) and Central Government Procurement Centre on the first day of the International Sustainable Consumption Conference laid a very good groundwork for the workshop.

**OPENING SESSION**

Mr. Xia Guang, Deputy Director of the Environmental Development Centre of Ministry of Environmental Protection (EDC), was the Chairman of the opening ceremony. He explained that Green Public Procurement in China only began in 2006, that several barriers still exist and technical support is needed from countries which have mature experience in this field. He emphasized the significance of this expert workshop to current Green Public Procurement in China. He also expressed the hope that the outcomes of this workshop could provide important support for relevant decision-making and policies in China.

Ms. Zhang Jieqing, who is the director of International Organization Division of International Cooperation Department of Ministry of Environmental Protection (MEP), confirmed the importance of advancing GPP in China, and the need to explore barriers and the solutions in the implementation of Green Public Procurement. As she explained, government procurement takes generally a significant proportion in GDP and is big enough to influence the market share of products and consumption orientation. China promulgated the Government
Procurement Law of the People's Republic of China in 2003, which required that the Government Procurement should profit environmental protection. On Oct 24th, 2006, with deepening development of Green Public Procurement in China, the Ministry of Finance (MOF) and the Ministry of Environmental Protection (MEP) jointly issued the “Suggestions on the Implementation of Government Procurement of Eco-labeled Products” to fully bring into play the environmental protection functions of government procurement. She explained that according to these “Suggestions” when government departments, institutions and organizations at all levels are employing public funds for procurement, they shall firstly purchase eco-labeled items and avoid procuring products threatening the environment and human health. These preferential products are all listed in the “List of Green Public Procurement” which includes more than 440 enterprises and nearly 1000 different products models. China has issued some policies about GPP, but unfortunately this is not sufficient for a full implementation. This workshop will aim at formulating possible solution to promote public green procurement, and give some suggestion on the policies and methods for the government.

Mr. Arab Hoballah, Head of the Production and Consumption Branch of UNEP DTIE, said that public procurement takes a significant proportion in GDP in most countries and is big enough to influence the market share of products and consumption orientation. If the government pays the attention to procurement, this in turn will have an effect on the environmental performance of suppliers. A policy for greening of government will affect and be part of the sustainable development efforts of the whole country. Many European countries face challenges related to sustainable consumption and production, and try to address them also (but not only) through sustainable procurement. The development and implementation of sustainable procurement policies however, took several years in Europe, and it took over 20 years to some European countries to build a green purchasing system. China lacks proper transparent purchasing procedures as well as training on environmental issues and service information to identify the greener products. Mr. Hoballah explained that to support Sustainable Public Procurement, public officials need appropriate tools and purchasing criteria to apply and support the GPP policy. Industry stakeholders need signals and incentives to respond to the request of the public sector for more sustainable product and services. Once they perceive the “business” opportunity in GPP they will green their production chain by themselves. Finally Arab Hoballah expressed the hope to find some better Green Public Procurement project funding to help China and other countries to advance on Sustainable Procurement. At present, United Nations Environment Programme (UNEP) is working together with the Marrakech Task Force on this issue.

Ms. Zhao Wei, Environmental Affairs Officer of UNEP Regional Office for Asia and the Pacific, introduced the project to enhance the implementation on public green procurement in China. The project was a follow-up to the above mentioned 2006 National roundtable on SCP during which the experts analyzed the present situation of China and listed the priorities of sustainable production and consumption in China. Based on these priorities the Ministry of Environment Protection (MEP), the United Nations Environment Programme (UNEP) and the European Union (EU) jointly decided to act in support of GPP in China. At present the
Chinese government has already issued some policies about Green Public Procurement, for example the government must purchase the environment-friendly and eco-labeling products. Although the policies have been developed, difficulties remain to implement them: much work is needed to unite many different government departments concerned with GPP and different stakeholders. Ms Wei Zhao described the workshop project and said it served the purpose of supporting GPP in China through three actions: firstly, analyze the present situation and the barriers of Green Public Procurement and put forward some suggestions as done by the Workshop’s Background Report on the Implementation on Green Public Procurement (hereafter the GPP Report, see also Annex I). Secondly, create the dialogue between government and stakeholders. Thirdly, allow Chinese and foreign experts to discuss the problem and barriers put forward by the GPP report, and confirm the work which need to be done in the future. Ms. Zhao Wei finally emphasized UNEP was extremely willing to cooperate with China also to share Chinese good experience with other developing countries, and introduced the international successful experience of sustainable procurement.

Ms. Eveline Venanzoni, leader of the secretariat of the Marrakech Task Force for Sustainable Public Procurement (MTF for SPP), introduced the MTF and its methodology to develop and implement SPP policies. She firstly talked about the meaning of Sustainable Public Procurement. And then she shared with participants the future work plan of the Marrakech Task Force for Sustainable Public Procurement. The Swiss MTF methodology for SPP was presented in detail, including the principles, present situation analysis, Legal Analysis, market maturation analysis, practical program of Sustainable Public Procurement (SPP). Sustainable Public Procurement principles included non-discrimination principle, competition principle and equity principle. She placed special emphasis on status evaluation and training of Sustainable Public Procurement and its methodology. At last, she mentioned that the China Environmental Labelling Program could be a tool for Chinese Sustainable Public Procurement. At last, she expressed the hope to cooperate with China in the field of Sustainable Public Procurement.

**WORKGROUP: THE STATUS OF GREEN PUBLIC PROCUREMENT IN CHINA AND INTERNATIONAL EXPERIENCES**

After these first introductions, the workshop focused on the situation in China. Ms. Zhang Xiaodan, who came from Environment Development Center of Ministry of Environmental Protection (EDC), introduced the present situation and the existing barriers of Green Public Procurement in China illustrating the content of the GPP report. In the afternoon, experts coming from European Union, the UK, France and Japan exchanged their experience on GPP having in mind the need to provide suggestions to China on how to improve its current framework.

The chairman of this second part of the workshop was Mr. Xia Guang, Deputy Director of the Environmental Development Centre of Ministry of Environmental Protection (EDC).

Ms. Zhang Xiaodan, expert from the Environment Development Center (EDC) of the Ministry of Environmental Protection (EDC), presented the GPP Report which laid the
discussions ground for the workshop. The report consisted of four parts: Firstly, an introduction to the present situation of Government Procurement in China, including a description of the legal framework, regulations, procedures and methods. The second part introduced Green Public Procurement in China, including the background, policy framework, scope, standards, support measures and the present situation. The third part of the report consisted in an analysis of the obstacles to green procurement and in policy recommendations for the mainstreaming of Green Public Procurement in China. This part also focused on two product categories in particular: photocopiers and efficient light bulbs, and analyzed the barriers and obstacles related to their greener procurement. To conclude the background report presentation, Ms Zhang Xiaodan proposed a number of recommended measures and suggestions on how to improve the implementation of Green Public Procurement in general and of green photocopiers and efficient light bulbs in particular, including the stakeholders to be involved, the legal and market countermeasures to take, the importance of trainings as well as other measures.

After the presentation, the chairman of the workshop organized the discussion among the international experts on the content and the barriers raised in the presentation.

The chairman of the workshop in the afternoon is Ms. Zhao Wei, Environment Program officer of UNEP Asian-Pacific region office.

Mr. Farid Yaker, expert on sustainable development, introduced the national policy of Sustainable Public Procurement in France. He indicated that, at present, Sustainable Public Procurement in France was around 15% of the national GDP. In 2005, Jacques Chirac then President of France associated with Constitutional law a “Charte de l’environnment” (environment charter) to the French constitution, and requested all of the government public policies to give priority to Green Public Procurement. As a consequence France's public procurement law was revised in 2006, and the related articles were further edited to offer a detailed explanation inclusive of a description of how to implement through SPP action plans the national policy. Currently, France has already formulated the complete legal frame system to support SPP, and moreover, they have good training facilities and skills. However, France also faced some challenges, for example the monitor and assessment are still weak and lack data and indicators.

Ms. Barbara Morton, Sustainable Public Procurement consultant, gave an introduction about the national policy on SPP in the UK. Firstly, Barbara Morton showed the achievements made in the UK. The UK issued a national sustainable development strategy in 2005, which set as a goal that the UK would be the leader in SPP among European Union countries. Managed by the Ministry of Finance, a work group was established in 2005 and consisted of several professionals coming from different departments in the UK. This work group was responsible for developing a SPP plan and coordinating with all involved national departments. The UK’s sustainable procurement action plan was officially launched in March, 2007, and was build around a number of priority areas. Barbara Morton also introduced the system the UK adopted to monitor work of SPP, and regretted that the UK also lacked scientific means to
measure and evaluate the progress obtained in SPP at present. Barbara Morton also presented the assessment method to SPP based on the risk analysis, which evaluate product categories and services based on their “SPP risk” potential. The risk analysis is based on the combined consideration of the following aspects: cost, the environmental, social and economic impact, the existing activities, areas needed to be improved and the influence on the market and finally the importance of the reputational risk. Barbara Morton afterwards introduced the priority areas adopted in the implementation of sustainable procurement in the UK, and illustrated also how Sustainable Public Procurement is monitored by the UK sustainable development committee. By the year of 2009, Ms Morton said, the implementation of Sustainable procurement in the UK should be concluded.

Mr. Javier Arribas Quintana, Counselor of Economic and Finance Section of the European Commission Delegation in China, introduced European Union's Sustainable Public Procurement policy. He firstly introduced European Union's legal framework and illustrated how the European Union has already unified and coordinated the entire framework. The basic principles of EU’s Green Public Procurement are transparency, non discrimination and equality. As a policy tool, Green Public Procurement has already obtained EU's approval now, and simultaneously obtained the approval of its member states. In fact, GPP appeared in the EU’s integrated product policy in 2003 which requested the member states to formulate their national green procurement action plan by the end of 2006. Green Public Procurement needed to go along with extremely clear environmental protection standards for products and services. Currently some countries already have rather developed national environmental protection criteria and methods of Sustainable Public Procurement, and with the development of Green Public Procurement, the criteria of Sustainable Public Procurement among the member states should be coordinated and unified so as not to create the distortion on EU’s united market and internal competition and therefore to reduce the burden of the administrative bodies and the companies.

The potential for GPP in the European Union has not been completely exploited: only 14 member states have already formulated the national action plan in 2008, and out of them, 12 are preparing to approve their action plan. Mr. Javier Arribas Quintana reported that according to an EU wide survey, only 10% of EU's tender document contained environmental protection standards.

In EU’s level, work on green products standards exists for a large number of products and services. The European Flower is in fact one of the most advanced systems of Green labeling world-wide. The main challenge and barrier for a wide use of eco-labels in GPP were the insufficiency of policy support, the formulations of environment standard and the lack of product related information. This situation combined with the low awareness of procurers further limited the mainstreaming of green procurement practices. The European Union representative suggests producing a more official flow to establish more common product green purchase standards. Finally, Mr. Javier Arribas Quintana introduced some EU countries’ Green Public Procurement assessment methods. He suggested that Sustainable Public Procurement as a policy goal must be respected when determining the policy and
implementation work of public procurement. Also the readiness and responsiveness of industry needs to be verified according to the above goals. SPP policy implementation and work need to be adapted to these parameters and assessment.

Mr. Keitaro Tsuji, from the Japan’s Ministry of Environment, introduced Japan’s Sustainable Public Procurement experience. He indicated that, up to now, Japan already has a GPP law and last year also passed a law on “green contracts” to further facilitate GPP implementation. At first, Mr. Keitaro Tsuji introduced the Japanese GPP law. The aim of formulating this law was to build a sustainable society, and to favor the development of a market offer for environment-friendly products. Because of the demonstration role of the Green Public Procurement of the government, the whole society will be facilitated in the demand of environmental-friendly product, and the government will simultaneously provides the related information of environmental-friendly products. This law however does not allow procurers to pay extra for goods and services when implementing GPP. The Japanese authorities revise the green procurement policy every year to follow both the evolution in environmental protection policy and in technology, and report the progress in the implementation of green procurement to the environmental protection department. Mr. Keitaro Tsuji afterwards introduced the green contract law, and expressed that the green contract law was the good supplement for green purchase law, which can enormously facilitate Green Public Procurement. Since the target of the law was the public department's contracts, it can restrain the contract through the legal stipulation. The goal of green contract law is that the government can establish a better communication system, it would take both the price and environment advantages into account. This law basically aimed at public organizations, including the government correlation organization, state-run schools as well as the local authority, which all needs to satisfy this legal request.

ROUNDTABLE DISCUSSION

After these presentations the round table discussion carried on. Participants discussed about the background report and the experts presentations from EU, France, UK and Japan, and then put forward the related proposal to the Chinese GPP by including the international expert opinions. The participants especially emphasized that the product categories eco-labelling system which is adopted as a standards of Green Public Procurement in China were still insufficient, when carrying out GPP. So, the work to be done would be to formulate some improved eco-labelling standards that can actually meet the need of China’s Green Public Procurement; Some participants believed that, in order to facilitate the adoption of more sustainable consumption patterns, governments should raise awareness among the public and help them to make choices for more sustainable products and the services; other participants also believed that, the mutual-recognition of Green Public Procurement standards between different governments played an important role in facilitating the mainstreaming of Green Public Procurement at international level, because it can reduce the burden of companies requested to provide different products’ standards in different countries.
CLOSING CEREMONY

The closing ceremony was managed by Ms. Zhao Wei, Environment Program officer of UNEP Asian-Pacific region office. She firstly gave the summary to the whole day’s conference, and focused on green procurement at the global level, and on the various presentations given by Ms. Zhang Xiaodan and by the international experts. She also highlighted an important difference comparing the evolution of the Green Public Procurement in China and in European countries: the EU set up first an overall target for Sustainable Public Procurement; in addition to such target many member states have their own policy targets. Secondly, some leading countries in green procurement were not only concerned with this issue but worked on the more holistic vision of “sustainable procurement”, which associates environmental and social references in procurement. An other important issue to consider is that SP in European countries did not develop in isolation but was part of a number of other policies aimed at favoring integrated product policy, eco-labelling and sustainable consumption and production., Ms. Zhao Wei emphasized that the exchange in this workshop is helpful to share experiences and lay the groundwork for the future cooperation.

In the end, Ms. Wang Kaiyu, director of the Division of Environment Technical Guidance in the Science and Technology Standard Department of MPE China, delivered the closing address. She firstly expresses thanks to fellow attending experts' splendid speeches. She said that China was now in an initial stage and therefore need to profit from the successful experiences of various countries. As a follow up, the Chinese government would put the Green Public Procurement into practice under the joint effort of the government, enterprises, and all circles in the academic and society. This workshop provided a good platform for Green Public Procurement in China and means a lot to the comprehensive implementation regarding the Chinese government green procurement. Through this workshop, the Chinese government realized that there would be more work needed to be done in promoting China’s Green Public Procurement. Among the measures to be introduced she listed the establishment of laws and regulations, support to the policy goal of reaching sustainable development, the promotion of sustainable consumption and production practices training of public officials on Green Public Procurement, guidance and incentives to companies on eco-design, cleaner production, and green innovation, work on increasing public awareness, establishing information channel to provide information on sustainable consumption. Finally, she emphasized that this Green Public Procurement workshop would obtain the positive result to further strengthen Green Public Procurement in China.
CONCLUSIONS AND RECOMMENDATIONS FOR FURTHER ACTION

At the conclusion of the workshop, participants agreed upon the following key barriers, policy recommendations and proposals for follow-up actions.

**Key Barriers:**

At present, Green Public Procurement in China faces the following barriers:

1. **The policy framework on Green Public Procurement is not complete;**
   The Policy on Green Public Procurement in China needs further development. More stringent regulations and concrete policies are needed to facilitate the development of a “green” market and support the early implementation stage of GPP.

2. **The product categories of Green Public Procurement in China are insufficient;**
   At present, the list of Green Public Procurement in China only includes 14 product categories, which can’t satisfy the need of a more mainstreamed GPP. More product categories and related labels/standards need to be identified.

3. **Key Stakeholders of Green Public Procurement lack environmental awareness and knowledge about green products**
   The stakeholders of Green Public Procurement include government procurement staff, experts commenting on the bid, suppliers, and the people in government procurement supervision and management departments who have the responsibility for supervision and administration etc. China needs to increase and streamline training for government procurement stakeholders to create more environmental awareness, a better understanding of GPP and green products.

4. **Lack access to information about green procurement for companies**
   Environmental information is an important element for the development of Green Public Procurement. China has just started the process to develop GPP. The access to appropriate information of green products is far from sufficient, the business to business information exchange is also weak and so companies cannot find the suppliers of green products.

5. **Monitoring and assessment is weak**
   To accurately identify green products and services, monitor the achievements and the areas where improvement is needed, it is necessary to monitor and evaluate the implementation outcomes of GPP. However, China is just at the original stage of this work and needs to devote more efforts to analyze and assess the success and failures of GPP.

6. **The management of Green Public procurement needs to be harmonized**
   At present, there have nine kinds of management mode in collective procurement agencies of Chinese Government. Therefore, it is still difficult to harmonize the management of Government Procurement in China.
7. Lack of clear operation rules and unified norms of Green Public Procurement
Currently, Green Public Procurement has just begun in China. There still lacks of uniform
detailed specifications to give instruction for the Green Public Procurement so that each
purchase agency has at the moment different operating rules when they implement the Green
Public Procurement.

Policy Recommendations:

1. Legal measures
Successful experiences of other countries show that the appropriate set up of a policy
framework (including laws and regulations) is key in the implementation of government green
procurement. The Chinese Government needs to develop such policies and clearly define the
objectives, mechanism and supporting measures to advance green procurement. Having
started only recently with Green Public Procurement, the Chinese government needs to learn
from other countries and international organizations in order to improve its ability to engage
in GPP. Implementation is also proving to be a challenge and needs reinforcement and
examples from other countries.

2. Market measures
The stable supply of green products is a precondition for the successful implementation of
Green Public Procurement. So in order to encourage companies to respond to the public
demand for greener products and services the Chinese government needs to learn from the
successful experiences on Integrated Product Policy of other countries, and take a series of
coordinated and mutually supportive measures in such areas as taxation, government subsidy,
material’s recycling, environmental responsibility, environmental standards and eco-labels,
Green Public Procurement, eco-design, promotion of the production and consumption of
green products and life cycle analysis. But in these aspects, we need to enhance the
communication with other countries and organizations and gain the relative competence
support.

3. Training of Relevant People
People in charge of green procurement cannot make the right decision until they receive
proper training and obtain the necessary knowledge about green products and environmental
awareness. Therefore, it is necessary to train procurement staff and to innovate in the culture
of the offices and administration. Many counties in the world attach importance to the training
of people involved in Green Public Procurement. They did so by training these people and by
publishing green procurement manuals, which highlights the importance of the public sector
purchasing in terms of environment impact and support to environmental policies. We hope
the Chinese Government can get the relative training and assistance from the international
organizations to help the government procurement staff in China to strengthen their
understanding about green procurement.

4. Improve Information Network
The distribution of information about green procurement in time is the prerequisite for green procurement. Green Public Procurement requires not only the strengthening of the communications among producers, buyers and consumers, but also the enhancement of sharing and communication of information about procurement among governments and countries. This needs the establishment of a wide information platform. The most effective approach is setting up a procurement network shared by multi-parties. To this goal China has set up Chinese Green Procurement Network (CGPN) in collaboration with the International Green Procurement Network (IGPN). Such initiative needs strength and support especially in this early phase and the help from other international organizations in terms of development, operation and maintenance of the website and network.

5. **Green Public Procurement Tool Kit**

To accurately identify green products and services, monitor green procurement achievements and identify GPP obstacles on time, many governments are exploring the possibility to establish a Green Public Procurement tool kit adapted to their local realities. The Chinese Government wants to establish the Chinese Green Public Procurement tool kit, which will be used to train for relevant Chinese stakeholders, guide procurement their activities, improve their capacity and greatly facilitate Green Public Procurement in China.

**Proposals for Follow-up Actions:**

The participants identified 4 Priorities for future work:

a) strengthening regulation and policy system,
b) fostering market for green products/services,
c) training and capacity building for procurers on regulation, operational procedure,
d) establishing information platform to connect suppliers and procurers and for knowledge sharing.

These were detailed as follows:

1. **Learn from other countries experiences**

   a) To know and absorb the advanced experience of international Green Public Procurement, with the assistance of UNEP, EDC suggests to do a general investigation on the laws, action program and organization forms of green procurement in other countries, analyze the successful experience in other countries, organize the high level forum on Green Public Procurement among the governments based on the investigation, and discuss decision-making for Green Public Procurement at high level.

   b) With the assistance of UNEP, the International Green Purchasing Network (IGPN) and the other international organizations, learn from international experiences on the design of Green Public Procurement information and communication systems including standards, labels and databases for the identification of green products, and on initiatives such as green purchasing handbooks or toolkits.

2. **Design a national action plan**
a) Design the plan: With the assistance of UNEP and based on the international experience, China needs to establish a national action program of Green Public Procurement harmonized with other policy goals such as the reduction of the energy demand and polluting emission in China the achievement of sustainable development and overall the building of a more environmentally-friendly society.

b) Monitoring and stock taking: the plan should also consider implementation and monitoring measures and procedures for procurement.

3. Information and training for different stakeholders
Establish an effective mechanism of Green Public Procurement (GPP) and strengthen the supply chain management of Green Public Procurement (GPP), as well as formulate the relevant administrative measures for the procurement agencies, agent organizations, technical support agencies and supplier. At the same time, with the cooperation of United Nations Environment Programme (UNEP) and Marrakech task force (MTF), carry out training to the relative governmental procurement stakeholders, suppliers and consumers in China in various forms to strengthen their ability to promote the targets of sustainable production and consumption.

5. Expansion and Harmonization of labels:
With the help of European Commission, UNEP and international experts, introduce Green products criteria to China and establish effective information and communication channels between European Commission and China; and facilitate the mutual recognition between the China Environmental Labelling Program and the other eco-labeling plan in the world to provide the technical support for the process of internationalization of Green Public Procurement in China.

Due to the limited time, it was not possible to discuss detailed actions for responding to the barriers. However, it was clear that experiences from other countries are worth considering such as:

1. Establishing an advisory group to prepare the nation-wide action plan:
2. Establishing sustainability performance targets for central government and making green procurement a means to achieve the target (also linked to he national action plan) ;
3. Encouraging voluntary and diversified product sustainability performance declarations;
4. Integrating green procurement and greening of supply-chain efforts.
ANNEX I: BACKGROUND REPORT

Contents

1. Chinese Government Procurement
   1.1 Current Situation of Government Procurement in China
   1.2 Relevant Laws and Regulations
   1.3 Procedures and Method

2. Green Public Procurement in China
   2.1 Concept and Background
   2.2 Policy Framework and Procedures
   2.3 Scope
   2.4 Procedures
   2.5 Standards and Labels
   2.6 Supporting Measures for Green Procurement

3. Current Situation of Green Public Procurement of Copying Machines and Green Lighting Equipment and Obstacle Analysis
   3.1 Types and Procedures for Government Procurement of Copying Machine and Green Lighting Equipment
   3.2 Main Participants
   3.3 Current Situation of Eco-labelling of Copying Machines and Lighting Equipment and Their Extension
   3.4 Current Situation of Green Public Procurement Copying Machine and Lighting Equipment and Analysis of the Barriers
   3.4.1 Copying Machine Products
   3.4.2 Lighting Equipment
   3.5 Information about Government Procurement of Green and Non-green Copying Machine and Lighting Equipment

4. Obstacles for Green Public Procurement in China and Policy Recommendations
   4.1 Legal Countermeasures
   4.2 Market Countermeasures
   4.3 Training of Relevant People
   4.4 Improve Information Network
1. Chinese Government Procurement

Government procurement refers to the behavior of governments and institutions at all levels as well as organizations that spend financial fund to procure the goods, projects and services listed on the collective procurement catalogue which is developed according to law or procure the goods, projects and services going beyond the limit. Procurement refers to the action of obtaining paid goods, project and services in the form of contract, including purchase, lease, consignment and employment, etc.

Government procurement system is an important item in the administration of public funds and a basic means with which the State administers direct expenditure. Because the significant achievements of government procurement in such areas as the enhancement of the management of public expenditure, saving financial capital and promotion of social and economic development, more and more countries in the world adopt government procurement system. With the change of the objective and contents of government procurement in each country, government procurement frameworks have improvement.

1.1 Current Situation of Government Procurement in China

The Ministry of Finance supported local governments such as Shanghai and Shenzhen to carry out the first trial of government procurement in 1996. In 1998, about 3.1 billion yuan were involved in government procurement across China and this figure rose to around 11 billion yuan in 1999, accounting for 1% of national financial expenditure of the year. In April of 1999, Finance and Economy Committee of NPC set up the task force on government procurement legislation, officially launching the drafting process of the Government Procurement Law. Meanwhile, to address the problem of a lack of unified procedures in government procurement, the Ministry of Finance started the development of a national unified policy on government procurement and issued a series of administrative regulations. Together with the Law of the People's Republic of China on Bid Invitation Bidding Law adopted by the Standing Committee of NPC on August 30th, 1999, these regulations constitute the primary framework of a government procurement system and played an important regulatory role for the development of government procurement in China. The Law on Government Procurement was officially promulgated on June 29th, 2002 and come into effect as of January 1st, 2003. Further more up to today, the practice of government procurement has been further standardized, and an overall framework has been developed where collective government procurement, and collective department procurement in combination with individual procurement, open bidding invitation in dominance supported by other procurement methods.

Since this milestone reform, and with increasing intensity, government procurement has paid more attention to the products from medium and small sized enterprises, environment-friendly products and innovative products. In a word, government procurement has become a means of national macro regulation.

The scale of government procurement in China has continuously grown since the adoption of government procurement system in 2003. According to the statistics of the Ministry of
Finance, the actual budget for government procurement in 2006 was 412.22 billion yuan, actual procurement expenditure was 368.16 billion yuan, up by 25.8% than that of 2005. A total of 44.06 billion yuan was saved with saving rate of 10.7%. Among them, the expenditure of local government procurement was 321.1 billion yuan, and government procurement expenditure of the central government reached 47.06 billion yuan, up by 27.4% and 15.4% respectively compared with that of the last year. The expenditure of government procurement of the year took up 14.9% of the financial expenditure, up by 6.2 percentage points compared with that of the last year, accounting for 1.8% of national GDP, up by 0.2 percentage point compared with that of last year. The annual growth of government procurement was 68.1% from 1998 to 2006.

At present, government procurement in China has the following characteristics:

(1) **Procurement of engineering and services grows quickly.** The engineering procurement amount across China was 94.83 billion yuan, 176.39 billion yuan and 132.33 billion yuan respectively during 2004-2006, up by 44.1%, 86% and 33.3% respectively compared with that of the last year, accounting for 44%, 46% and 47.9% of the overall procurement amount. The procurement amount for services in 2004, 2005 and 2006 was 13.84 billion yuan, 19.57 billion yuan and 27.03 billion yuan respectively, up by 33.3%, 41.4% and 38.1% respectively compared with that of the last year. Apart from the supply of fixed refuel and repair for automobiles, unified procurement of insurance and fixed meeting venue by agreement, many regions have taken such service activities as air tickets for government officials, development and consultation of information network, bank agent, legal consultation, supervision on construction, property management, lease of vehicles, sanitation & cleaning, training of enterprise’s employees and maintenance of public green land into government procurement.

(2) **Government procurement of the central government has increases continuously.** Total procurement expenditure of the departments of the central government reached 29.3 billion yuan, 40.78 billion yuan and 47.06 billion yuan respectively in 2004, 2005 and 2006, up by 11%, 39.2% and 15.4% compared with that of the last year. Government procurement by local government enjoyed relatively fast growth. In 2006, ten provinces and municipalities had total amount expenditure on government procurement over 10 billion yuan with total procurement capital of 205.12 billion yuan, accounting for 63.9% of total amount of local government procurement capital. There were 13 provinces and municipalities with procurement expenditure ranging from 5 to 10 billion yuan, up by 8 compared with that of last year.

(3) **Open tender procurement method has been mainstreamed.** In 2006, a total of 248.94 billion yuan government procurement occurred through open tendering, accounting for 67.6% of the total, up by 2.1 percentage points compared with that of 2005. The main reason of this growth is that government at all levels set compulsory goals for the amount and type of projects allowed to go with open tendering. In case of the need of the application of non-open tendering method, the relevant department shall report it to financial department for review and approval. Engineering projects are procured mainly by open tendering method. In 2006, total expenditure of engineering projects across China by open tendering reached 146.44
billion yuan, taking up 83% total engineering project expenditure. Most office common items and service items were procured by way of negotiated goods supply.

(4) Collective procurement is a main form of government procurement. In 2006, total procurement expenditure of collective government procurement across China reached 218.75 billion yuan, accounting for 59.4% of the total. Among them, the collective procurement expenditure of local governments was 208.33 billion yuan and that of the departments of the central government was 10.42 billion yuan. The collective procurement expenditure of departments reached 79.82 billion yuan, accounting for 21.7% of total procurement expenditure. Among them, 62.57 billion yuan were spent by local departments and 17.25 billion yuan were collectively spent by the departments of the central government.

(5) The mechanism handing the complaints by the suppliers of government procurement has been gradually improving. In 2006, the central financial department and local financial department at all levels received 760 complaints by the suppliers and handled 629 of them. Among them, they made sanctions for 352 cases, rejected 183 cases and 94 cases retracted the charge.

(6) The information announcement and management of review experts has further standardized. To ensure healthy and fast development of the reform of government procurement, in 2006, MOF took information announcement and expert selection links as the focus for standardizing government procurement practice. There were a total of 181,198 public announcements across China in 2006. MOF and the financial department of each province have established a pool of “government procurement experts” with a uniform skills and training. These experts are then “used” by the various government structures in need of procurement expertise. In 2006, a total of 67,893 projects involved the advice of these government procurement experts with 166,793 requests for advice and 280,261 people involved in the review.

1.2 Relevant Laws and Regulations
The System of Government procurement in China is composed of the three levels: laws on government procurement, administrative regulations on government procurement and methods on such procurement. At present, only the Law of the People's Republic of China on Government Procurement promulgated in 2003 focuses on this area. Meanwhile, government procurement activities shall comply with other laws such as Contract Law of the People's Republic of China and Law of the People's Republic of China on Administrative Supervision, etc. Table 1 lists relevant laws, administrative regulations and procurement measures promulgated by the State over the past 10 years in relation to government procurement.

<table>
<thead>
<tr>
<th>Name</th>
<th>Implementation time</th>
<th>Brief introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law of the People's Republic of China on Auditing</td>
<td>Jan.1, 1995</td>
<td>Auditing office shall carry out auditing supervision on government procurement according to this Law.</td>
</tr>
<tr>
<td>Law of the People's Republic of China on Administrative Supervision</td>
<td>May 9, 1997</td>
<td>Supervision institutions shall, according to this Law, supervise government developments, national civil servants and other people appointed by national administrative agency, which take part in government procurement activities.</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Law of the People's Republic of China on Invitation to Bid and Bidding</td>
<td>Jan. 1, 2000</td>
<td>It specifies such activities as invitation of bid, bidding, opening a bid, commenting a bid and winning the bid and relevant legal responsibilities.</td>
</tr>
<tr>
<td>Program on the Implementation of Government Procurement by Central Government Departments in An All Round Way</td>
<td>Oct. 7, 2002</td>
<td>It promotes the goal, principle and implementation procedures of government procurement system, and specifies or explains the management, organization &amp; implementation as well as method of government procurement.</td>
</tr>
<tr>
<td>Law of the People's Republic of China on the Promotion of Medium and Small Enterprises</td>
<td>Jan. 1, 2003</td>
<td>Government procurement shall prioritize the procurement of goods or services from medium and small enterprises.</td>
</tr>
<tr>
<td>Law of the People's Republic of China on Government Procurement</td>
<td>Jan. 1, 2003</td>
<td>It specifies such items as the government procurement party, procurement method &amp; procedures, sign of contract, and supervision on procurement.</td>
</tr>
<tr>
<td>Regulations on the Invitation to Bid and Bidding for Survey and Design of Construction Projects</td>
<td>June 2, 2003</td>
<td>The invitation of bid and bidding for the survey &amp; design of construction projects within the territory of the People's Republic of China shall carry out such activities as invitation to bid, bidding, opening of bids, comment on the tender, winning the bid and punishing the bid in accordance with the Regulations.</td>
</tr>
<tr>
<td>Provisional Measures of National Government Procurement Center for the Management of Review Experts</td>
<td>July 15, 2003</td>
<td>It specifies relevant speciality scope, basic conditions, rights and obligations of review experts or makes relevant explanations.</td>
</tr>
<tr>
<td>Suggestions on Comprehensively Promotion of the Reform of Government Procurement System</td>
<td>Aug. 5, 2003</td>
<td>It aims to facilitate the reform of government procurement system, expansion of the scale of government procurement, acceleration of the development of government procurement management system, promotion of standardized management of government procurement, improvement of supervision system for government procurement and improvement of management level.</td>
</tr>
<tr>
<td>Regulations on the Management of Collective Procurement by Central Government Departments</td>
<td>Sep. 1, 2004</td>
<td>The classification &amp; implementation, budget &amp; management, development and implementation of the list and standard as well as supervision and inspection of collective procurement shall be implemented in line with the Regulations.</td>
</tr>
<tr>
<td>Measures for the Handling of the Complaints by Government procurement Suppliers</td>
<td>Sep.11, 2004</td>
<td>It specifies the necessary contents of the complaint letter, conditions the complaint party shall meet and complaint handling by relevant departments, etc..</td>
</tr>
<tr>
<td>Measures for them of Invitation to Bid and Bidding of Government Procurement Goods and Services</td>
<td>Sep.11, 2004</td>
<td>The invitation to bid, bidding, opening the bid, commenting the bid and deciding the bid of the government procurement goods or services by public tendering unit shall comply with the current Measures.</td>
</tr>
<tr>
<td>Provisional Measures for the Management of the Registration of the Qualification of Suppliers</td>
<td>Nov.28, 2005</td>
<td>It specifies the necessary conditions and information that suppliers are included in the supplier database as well as their rights and interests.</td>
</tr>
<tr>
<td>Regulations on Collective Procurement by Central Government Departments</td>
<td>May 1, 2006</td>
<td>It specifies such contents as the development of implementation plan for government collective procurement and project letter of attorney, goods procurement, project (engineering) procurement, service procurement, signing government procurement contract, check &amp; acceptance.</td>
</tr>
<tr>
<td>Provisional Regulations on Administrative Supervision on Invitation to Bid and Bidding of Water Construction Projects</td>
<td>Sep.1, 2006</td>
<td>It specifies such contents as the responsibility and contents of administrative supervision on invitation to bid, bidding, work methods, procedures, authority and discipline requirement.</td>
</tr>
<tr>
<td>Measures for the Implementation of Agreed Goods Supply of Information Products in Collective Procurement by the Central Government Departments</td>
<td>Sep.18, 2006</td>
<td>It specifies such contents as the implementation procedures, supervision &amp; inspection as well as punishment provision for agreed goods supply in collective procurement of information products.</td>
</tr>
<tr>
<td>Measures for the Management of Government Procurement Contract on Self-Innovation Products</td>
<td>April 3, 2007</td>
<td>The current regulations specify the signing and implementation of contracts as well as supervision and inspection on this type of government procurement.</td>
</tr>
<tr>
<td>Measures for the Review of Government Procurement of Self-Innovation Products</td>
<td>April 3, 2007</td>
<td>It specifies such contents as review requirements, review standard as well as the supervision &amp; monitoring of such government procurement.</td>
</tr>
<tr>
<td>Measures for the Management of the Budget on Government Procurement of Self-Innovation Products</td>
<td>April 3, 2007</td>
<td>It specifies such activities as development of budget, implementation of budget as well as supervision &amp; inspection.</td>
</tr>
<tr>
<td>Measures for the Management of National E-administration Development Project</td>
<td>Aug.13, 2007</td>
<td>Goods procurement, engineering (project) and services of e-administration projects shall comply with relevant requirement of the Law of the People's Republic of China on Invitation to Bid and Bidding and Law of the People's Republic of China on Government Procurement and comply with the principle of prioritized procurement of domestic goods, engineering (project) and services.</td>
</tr>
</tbody>
</table>

China has since issued other regulations to make public procurement more sensitive to political priorities of China’s government. These are for instance compulsory requirements that domestic goods shall be prioritized in government procurement.

However, the scope for such measures has been limited by the fact that China signed the Government Procurement Agreement (GPA). GPA aims at requiring each party to open its government procurement market and reforming government procurement system in accordance with GPA. The accession to GPA will have far-reaching influence on legal system on government procurement and each sector in China. The Chinese Government officially signed the application for participating GPA of WTO and submitted the primary list of the Chinese Government on open market for government procurement on December 28, 2007. Since its accession to GPA, the Chinese Government procurement has entered into a new phase of development.

### 1.3 Procedures and Method

China takes open tender procurement method as the first preference of government procurement. The invitation of bid and procurement procedures usually include such process as invitation to bid, bidding, opening of bids, commenting on a tender and deciding on a bid.
Government procurement procedures in China include the following major steps:

1. Identify procurement demand;
2. Choose procurement method;
3. Qualification review;
4. Carry out the procurement method;
5. Sign procurement contract;
6. Fulfill procurement contract;
7. Check & acceptance;
8. Settlement;

Among these steps, the first five are the development stage of procurement contract and the last four are contract management stage.

Government procurement procedures refers to the legitimate ways with which the government may employ to spend fund procuring goods, projects and services according to different conditions. The procedures of government procurement in China are various and depend on the objective, contents, scale and conditions of the purchase. In general, they are classified into the following six types:

1. **Open invitation to bid procurement**: It refers to the process in which the procurement party, according to legal procedures, invites all potential suppliers without any designation to take part in bidding by issuing announcement on invitation to bid; with pre-set standard, the procurement party chooses the best supplier who wins the bid. Finally, the procurement party signs the government procurement contract with the supplier who wins the bid.

2. **Invitation to public bidding procurement (or restricted/selective tendering)**: It refers to the process in which the procurement party, according to the credit and performance of candidate suppliers, selects several suppliers and issues invitation to bid to them only. After the competition of the invited suppliers, the procurement party identifies the supplier who won the bid.

3. **Competitive negotiation**: It refers to the procurement method with which the procurement party finally chooses the best supplier after negotiations with many suppliers.

4. **Single source procurement**: It refers to the procurement method with which the procurement party, has to procure from one supplier only either because this is the only one on the market, or in conditions of extreme urgency/force majeure on in case this is an extension of an existing contract to purchase a extra quantity of gods that are already the object of an existing contacts. Simply speaking, this kind of procurement is direct contracting.

5. **Inquiry**: It refers to the procurement method with which the procurement party issues inquiry list to relevant suppliers asking them making an offer compares the quotation and identifies the best supplier. This is the so called “shopping around” and is a simple and fast
(6) Other procurement methods approved by the government procurement supervision & management department affiliated to the State Council: In case that the above 5 procurement methods are not appropriate, there are other procurement methods approved by the State Council, e.g. batch procurement, small amount procurement and fixed procurement, etc. Therefore, to meet complex and changeable requirement, China makes the legal regulations on the six kind of procurement. It needs to be pointed out that whatever procurement method in the above six, it cannot be carried out until the approval of the supervision & administrative department of the State Council. The ways and procedures of government procurement (GP) in China are seen in the following Figure 1.
Figure 1 Method and procedures of government procurement in China (FD = financial department)
2. Green Public Procurement in China
2.1 Concept and Background
Green Public Procurement refers to the practice of public purchasing in which the government selects the products and services with minimum threat to human health, minimum resource consumption and adverse impacts on the environment based on the consideration of the whole life-cycle of the products. Green Public Procurement systems include the laws & regulations, organization and management regimes allowing to procure goods, services and technologies, to encourage the development & production and environment-friendly products and services.

Bringing into play the role of government policy in regulating economy and exploring the approach and method for the achievement of policy objectives by government procurement system are one of the tasks empowered by law to such system, and the inevitable requirement for the development of public finance management system under a socialist market economy.

Green Public Procurement is an important measure in support of other policy priorities such as reduction of public financial expenditure, effective promotion of the application of new technologies, energy saving, promotion and cultivation of the market for energy saving products, environmental protection and so on. Green procurement also brings into play the role of government financial & taxation system in adjusting the market.

Green Public Procurement has gained the high attention of the Chinese Government due to the following features.

(1) **Green Public Procurement system has a model function** and may be an important policy measure for regulating macro economy and promoting structural adjustment of industries and products. In general, government procurement takes a significant proportion in GDP and is big enough to influence the market share of products and consumption orientation. When China adopted the Law on Government Procurement in 2003, the expenditure of such procurement reached 165.94 billion yuan, taking up 1.6% of total GDP of the year, up by 64.4% compared with that of 2002. The expenditure of government procurement of China in 2006 went up to 368.16 billion yuan. With this, a large amount of fund was put into the market to purchase the green products and green services meeting national standards for environmental protection and recycling of resources as well as green standard conducive to health will surely impose significant impacts on the products and industrial structure in China.

(2) **Green Public Procurement can raise public environmental awareness** and accelerate the development of a “green” consumption market. As a government initiative Green Public Procurement plays an important guiding and demonstration role for consumers and consumer market. Facts demonstrate that under the pilot phase of Green Public Procurement over the past few years in China, environmental awareness of consumers in China has enjoyed big improvement with high enthusiasm of sustainable consumption.

(3) **Green Public Procurement can improve corporate environmental awareness**, facilitate and promote companies to strengthen and improve their environmental management and is conducive to the implementation of the national strategy on sustainable production.
Green Public Procurement system and behavior will produce active influence on suppliers. To win the biggest client, suppliers must improve the environmental performance of their products, and raise corporate management level with technological innovation. Green Public Procurement can also promote the development of green industries and technologies and is conducive to the development of sustainable production system.

2.2 Policy Framework and Procedures
In view of the fact that green products usually have to compete with conventional products in government procurement in terms of price, China has introduced the very effective practice of many developed countries, i.e. the development of some compulsory regulations or policies to promote green market in initial implementation period of green procurement.

In recent years, the Chinese Government has fully understood the importance of harmonious development between economic growth and environmental protection, and has endorsed the overall goal of adhering to the outlook on scientific development and building an “environment-friendly and resource saving society”. It takes the improvement of the environment as one of the targets for building a well-off society in a holistic way. The Chinese Government also fully understands the importance of Green Public Procurement in building an “environment-friendly and resource saving society”, and has published a series of laws and regulations to support and lead the development of Green Public Procurement in China.

On June 29th, 2002, The Chinese Government promulgated the Law of the People's Republic of China on Government Procurement which presents principle requirement for Green Public Procurement, Article 9 of the Law clearly identifies the environmental protection objective of government procurement: “Government procurement shall prioritize the procurement of high-technology and environment-friendly products, promote the development of enterprises in environmental protection industry and ensure sustainable development of economy.” This provides legal basis for China to carry out Green Public Procurement work.

On October 17th, 2003, National Development and Reform Commission (NDRC), Ministry of Environmental Protection (MEP) and other relative ministries jointly issued “The opinion on the Acceleration of Carrying Out Clean Production”, which prescribed that the people’s governments and relevant departments at all levels shall take the lead in advocating green consumption. The products meeting relevant requirements and saving energy & water and recycling of waste and in favor of the protection of the environment and resources shall be prioritized in the procurement plan in the time of government procurement.

On December 17th, 2004, the National Development and Reform Commission (NDRC) and the Ministry of Finance (MF) jointly issued “The opinion on the Implementation of Government Procurement of Energy Saving Products”, it requires that government departments, institutions and organizations at all levels shall prioritize the procurement of energy saving products and gradually phase out low-energy efficiency products. The Suggestions are attached with the List of Energy Saving Products for Government
Procurement, which includes two types of products, i.e. energy saving products and water saving products.

On July 2nd, 2005, the Chinese State Council promulgated “Several Opinions of the State Council on Accelerating the Development of Circular Economy (No.[2005] 22 document of the State Council)”, which required: “In consumption course, efforts shall be made to advocate the consumption pattern conducive to resource saving and environmental protection, encourage the use of products with energy-efficiency label, products with certification on energy and water conservation and those with environmental label or green label as well as organic label, reduce excessive packaging and utilization of throw-away products. Government institutions shall carry out green procurement.”

On December 3rd, 2005, the Chinese State Council promulgated “the Decision of the State Council on the Implementation of the Outlook on Scientific Development and Strengthening Environmental Protection (No. [2005]39 document of State Council)”, which stresses: “In consumption course, more efforts shall be made to advocate environment-friendly consumption pattern, promote eco-labelling, environmental certification and Green Public Procurement system, and improve the recycling and reuse system for renewable resources.”

On April 17th, 2006, at the 6th National Conference on Environmental Protection held in 2006, Premier Wen Jiabao highlighted that we should “stress the application of market mechanism to facilitate environmental protection. With the application of pricing lever, we should set up the incentive mechanism that facilitates enterprises to protect the environment and constraint mechanism that urges enterprises to reduce the discharge of pollutants.” Under continuous promotion of the Chinese Government, China gradually begins the implementation of Green Public Procurement system.

On Oct 24th, 2006, with deepening development of Green Public Procurement in China, MOF and SEPA (now Ministry of Environmental Protection) jointly issued the Suggestions on the Implementation of Government Procurement of Eco-labeled Products to fully bring into play the environmental protection functions of government procurement. It requires that when government departments, institutions and organizations at all levels employing financial capital for procurement shall firstly purchase eco-labeled products and not procure the products threatening the environment and human health. The Suggestions on the Implementation of Government Procurement of Eco-labeled Products was officially carried out in the units that utilize central and provincial budget (including the municipal budget of cities under separate plan of the State Council) from January 1, 2007 and comprehensively carried out across China from January 1, 2008.

The inventory on Government Procurement of Eco-labeled Products is made public together with the Suggestions on the Implementation of Government Procurement of Eco-labeled Products. The Ministry of Finance and the State Environmental Protection Administration shall comprehensively consider the development of governmental procurement reform and technology and market of eco-labeled product. They shall identify the scope of preferential
procurement according to the category from the eco-labeled products certified by the eco-labeled product certification organization accredited by the state, then release “Government Procurement List on Eco-labeled Products”. The Ministry of Finance and the State Environmental Protection Administration will adjust the List in proper time, and issue it with the form of formal document. MOF and Ministry of Environmental Protection (former SEPA) keep the list updated and publicly available. In March of 2007 for instance the first list covered 14 products categories involving 81 companies. In 2008, the List on Government Procurement of Eco-labeled Products covers 14 types of products involving 444 companies. This shows a clear increase in the offer of eco-labeled products and therefore a higher potential for implementation of Green Public Procurement for those products categories.

On June 3rd, 2007, The State Council published “The Notice of Integrated working scheme for Energy-saving”, and article 45 stipulates to enhance the energy-saving and green procurement and fulfill strictly “Opinion on the Implementing of Governmental Procurement of Eco-labeled Products” to improve the system of Governmental Procurement List of Eco-labeled Products and enlarge the scope of procurement. In which, office equipments including air conditioner, computer, printer, display, data multifunctional devices and lighting product, water-consumption apparatus are changed from “procurement with priority” to “mandatory procurement”.

On Oct 28th, 2007, the Chinese Government emends the ”The law on energy conservation of People's Republic of China”, which stipulates that supervisory and management departments of Governmental Procurement should establish the purchasing list of energy saving products and equipment, and give the priority to purchasing the products and equipment which have past the energy saving products certification.

2.3 Scope
At present, the Ministry of Finance and the Ministry of Environmental Protection (former SEPA) are responsible for the promotion of Green Public Procurement in China. When choosing the Green Public Procurement products, the government makes its choice based on:

a) environmental impacts
b) price of the product/affordability,
c) potential for the development of a green market,
d) product information and
e) Procurement amount.

At present, the main types of products in Green Public Procurement of China are office consumables, cleaning products, IT equipment, office equipment, vehicles and building materials, etc. They are all products used directly by the government with big procurement spent, high energy consumption and relatively big environmental impacts.

Government procurement products and services in China have wide range with many product categories’ purchased. Each of them has of course its different characteristics in terms of composition, operational mode, consumption pattern of energy & resources, management &
As in many other countries Green Public Procurement does not happen overnight and it is bond to be a gradual process. Therefore, the Chinese Government proceeds with such a policy in a gradual manner and has identified priority procurement areas based on the function, quality and environmental impacts of the target products or service in the early stage of green procurement.

Having to prioritize the Chinese government has set the following criteria in the gradual introduction green procurement:

**Firstly**, taking account the environmental impacts of products or services, the government has decided to tackle first on those products categories (e.g. means of transportation) or services (e.g. cleaning products or services) having major impacts on the local environment, focusing on one or several environmental issues, e.g. global warming or ozone layer, or the adoption of a general requirement for energy efficiency and recyclables. Population and resources are now two big issues that are constraining social development of China. The entire society has to be mobilized to save resources, to consume energy & resources more rationally and effectively and ultimately to protect the environment on which depends the society’s survival. Therefore, environmental considerations in government procurement of China are basically the same as the international practice, i.e. saving energy & resources, use renewable materials, avoiding toxic chemicals and easy disposal, etc.

**Secondly**, the Chinese Government also considers the scale of government procurement. At present, the Chinese government procures with higher proportion various office equipment (computer, photocopier, printer, fax machine, etc.), vehicles (cars, buses and wagons, etc.), building products and materials (tubing, coatings and timber), office equipment and consumables (including printing paper, stationery and furniture etc.). For example, the top three types of procurement products in 2004 were general equipment, special equipment and vehicles with procurement expenditure of 26.35 billion Yuan, 25.79 billion Yuan and 20.38 billion Yuan respectively, the total procurement volume of the three items takes 69% if goods procurement. In 2004, the amount of government procurement of computers reached 9.23 billion Yuan and 15.47 billion Yuan were spent for government procurement of cars across China. With the implementation of green procurement for these types of products, the market share of green products will rapidly expand. It is understood that government procurement has a very strong impact on the market by encouraging enterprises to take prompt action in offering innovative solutions and upgrading product technology and manufacturing green products.

**Thirdly**, the Chinese Government considers whether there is appropriate access to the information about green products, e.g. eco label of given products or their main environmental impacts. Eco-labeled products, organic products or energy efficiency products are available for ordinary consumers and enterprises on the market. In addition, there are also civil organizations and NGOs who are taking part in the raising awareness for green products.
Finally, the Chinese Government focuses on the enhancement and support to green market development. The ideas of green home decoration and green food have widely spread in the society over the past few years. Consumers no longer only cares for the quality and price of products, they are increasingly paying attention to other indicators like safety and environmental protection.

By adopting a Green Public Procurement policy and supporting goods and services relevant to the health of consumers, the government gives a direct example that can guide consumers to purchase green food, cultivate green market in China and facilitate the shift to more sustainable production and consumption patterns in the society. For example, there are frequent indoor air pollution problems in China due to indoor decoration and purchase of furniture in the past few years, which threaten human health at different degrees and attract wide social concern. Therefore, when carrying out Green Public Procurement, the Chinese Government prioritizes building materials and office furniture. This is because these products also used by individual consumers who will use them in their flat or house decoration and have a close relationship with their health. If government procurement takes priority to procure the green types of building materials, furniture and household appliance products, it will create green market and guide technological reform in these industries, thus facilitating product upgrading of the whole industry, promoting technological advancement and strengthen competitive force in the world market.

The list of Eco-labeled Products involves 14 types of product categories, including light duty vehicles, copying machine, printer, fax machine & multi-functional machine, water based coatings, artificial wooden boards, floor board, furniture, color TV, lightweight wall boards, plastic door & window, white emulsion, building plastic tubing, building wares, sanitary wares. The List of Energy Saving Products covers only two types of products: i.e. energy saving products and water saving products.

These first steps however should not hide the fact the Green Public Procurement in China is still in a very initial and delicate phase.

2.4 Procedures
In general, Green procurement procedures follow the same process as other government procurement and include such activities as the development of a (green) procurement budget and plan, the identification of the procurement method list, the announcement of the public bidding, the invitation to bid and commenting on the bid. The public bidding usually includes the following contents: form of invitation to bid, entrusting unit, name and amount of goods for invitation to bid, qualification requirements for the bidder, deadline of invitation to bid, time and venue for invitation to and opening of bid, etc. For the government of different regions, there might be some additional contents in the announcement of public bidding. Taking Beijing Procurement Center for example, many announcements of public bidding include tender commenting method and standard. Beijing Procurement Center usually
employs comprehensive assessment method to comment the bid and identify the rating standard based on the characteristics of the procured goods. For example, in the announcements of public bidding of a unit in Beijing has the following rating standard: full marks 100 points. Among them, 50 points go for the price, 10 points for business, 18 for technical part, 12 points for post-sale service, 5 points for environmental protection & energy saving products and 5 points for response to the invitation to bid document. In this context, eco-labeled products and energy saving products have some advantages in government procurement.

Meanwhile, green procurement presents further requirement for the procurement party (buyer). The buyer (including government departments and institutions at all levels and organizations, etc.) should comply with relevant provisions of the *Suggestions on the Implementation of Government Procurement of Energy Saving Products (ESP)* and *Suggestions on the Implementation of Government Procurement of Eco-labeled Products (ELP)* during the bid commenting process, and prioritize the procurement of energy saving or eco-labeled products in accordance with the government procurement list on such products and under the same conditions of bidding organizations in terms of the product, technical and services.

The buyer shall make clear such contents as the requirements for energy conservation or environmental protection, conditions for qualified products or the review standard for the prioritized selection of energy saving products in the invitation to bid documents for government procurement (including the negotiation documents and inquiry document). The procedures for Green Public Procurement (hereafter GPP) are shown in Figure 2.

![Figure 2 General procedures for Green Public Procurement](image)

**2.5 Standards and Labellings**
To help consumers or enterprises choosing green products and services, some countries in the world have developed the eco-label that provides a range of environmental information or environmental features of the products or service. Eco-labels are based on the certified study on the environmental impacts of the whole life-cycle of the products, the application of cradle-to-the-grave analysis method with reliable and sound scientific information. This provides some potential value information about the product, from the access to raw materials
in pre-production stage, production and marketing stage to final disposal. Eco-labels are certified by a third independent party and from this obtain their credibility.

The Green Eco-labeling Network (GEN) believes that many government departments, NGOs and private sectors in the world carry out eco label program, conduct the third-party authentication on products and grant eco label; this practice has positive impacts on the selection of green products by consumers and is reliable.

Investigations in 8 EU and Asian countries carried out by GEN show that: I type environmental label have a better potential in support of green procurement due its high visibility, reliability, small conflicts to stakeholders, good fairness of the authentication process and quantitative indicators for the test of products.

The Global Eco-labeling Network (GEN):
The Global Eco-labeling Network (GEN) is a non-profit association of third-party, environmental performance labeling organizations founded in 1994 to improve, promote, and develop the "eco-labeling" of products and services.

ISO Classification for Labels:
Type I: multiple-criteria based, third party certified, the independent certification body awards a license that authorizes the use of such labels on products indicating the overall environmental preferability based on life cycle considerations
Type II: informative environmental self-declaration claims
Type III: voluntary programs that provide quantified environmental data of a product, under pre-set categories of parameters set by a qualified third party and based on life cycle assessment, and verified by that or another qualified third party.

Therefore, to meet different procurement requirements, the Chinese Government now adopts China Environment Labelling as the requirement for GPP. The development of China Environment Labelling Standard is suitable and credible for public procurement because it is based on the assessment of life cycle of the product and participated by many stakeholders such as government departments, groups, consumers, producers, marketers and environmental organizations and the Standard fully reflects the concern of all stakeholders.

2.6 Supporting Measures for Green Procurement
The development of an information network to ensure timely and clear delivery of green procurement information is the prerequisite for green procurement. With the increasing development of green procurement in the world, governments and society recognize that it is a public policy that has to be developed and implemented in the context of the globalization of markets and, in particular when it involves bilateral and multi-lateral green trade issue. Therefore, apart from paying attention to domestic information about green procurement, each country pays more attention to international information about green procurement. This requires not only the enhancement of the communications among manufacturers, buyers and
consumers, but also the intensification of the sharing and exchange of the information about green procurement among different government departments and countries.

For these reasons, the establishment of a wide information platform is essential. The most effective means is the establishment of a procurement network shared by many stakeholders. Internal Green Procurement Network (IGPN) set up at the First International Conference on Green Procurement held in 2004 has a great success in Asia because it responds to this need. Members participating IGPN include international institutions, enterprises, government departments & agencies, local groups and NGOs.

At present, the official media of the List on Government Procurement of Eco-labeled Products include China Government Procurement Network (http://www.ccgp.gov.cn/), website of the Ministry of Environmental Protection of People's Republic of China (former SEPA) (http://www.sepa.gov.cn/) and China Green Procurement Network (http://www.cgpn.cn/). Among them, China Green Procurement Network (CGPN) was set up in 2006 by Environment and Development Center of Ministry of Environmental Protection (former SEPA) based on the experience of the International Green Procurement Network (IGPN).

The main work of CGPN is collecting the information on systems, laws & regulations on green procurement in each country of the world, gather information about green products and provide experience and information to facilitate the implementation of green procurement. CGPN also serves the essential purpose of providing a platform for enterprises to showcase their green products thus improving the knowledge of procurers about the market options for greener products.

3. Current Situation of Green Public Procurement of Copying Machines and Green Lighting Equipment and Obstacle Analysis

3.1 Types and Procedures for Government Procurement of Copying Machine and Green Lighting Equipment

At present, the List on Government Procurement of Eco-labeled Products includes 6 copying machine manufacturers. In addition, the List on Green Public Procurement of Energy Saving Products involves 73 companies that produce lighting products such as two-end fluorescent lamp, self-ballast fluorescent lamp, high-pressure sodium lamp, one-end fluorescent lamp, high-pressure sodium lamp electronic ballast and tube-shape fluorescent lamp ballast.

The procedures for government procurement of green copying machine and green lighting equipment are same as that of Green Public Procurement. Compared with the standard procedures for procurement, the following differences apply for the procurement of green copying machine and green lighting equipment:

A) In the stage of making the public tender, the procuring entity publishes (in the appropriate form defined by the Ministry of Finance), the details of the procurement demand including information on the green criteria required on the media. These details cover the quality, green aspects, technology, amount, name and nature of the items to be purchased, qualification requirement for suppliers, time & venue for invitation to and opening a bid, etc,
encouraging the enterprises and products in government procurement list to take part in bidding and providing these enterprises with business opportunities.

B) In the stage of pre-reviewing the qualifications of suppliers, the purchasing entity will firstly consider the products listed in the List on Government Procurement of Eco-labeled Products and List on Green Public Procurement of Energy Saving Products. On the condition that they fully meet all the tender document requirements, the procurement entity will simplify the qualification access procedures for those companies that belong to the above list and give them preferential treatment, but will not reject and discriminate any potential suppliers with any inappropriate requirement.

C) In the stage of reviewing, the procurement entity goes through the standard procurement procedures taking into account the preferential procurement factors, rationally resets the scoring weight, exercises policy orientation toward the products listed in List on Government Procurement of Eco-labeled Products and List on Government Procurement of Energy Saving Products in terms of price and adding scores, brings into play the competitive advantage of these products, gives priority to signing the procurement contract with these enterprises and identifies them as the supplier who wins the bid.

D) In the stage of paying, the Chinese financial department strengthens the financial budget control on energy saving and environmental protection, brings into play the role of financial supervision, control capital payment and ensure the legitimate rights of the enterprises on the list free from damage.

3.2 Main Stakeholders
Main stakeholders of Green Public Procurement are the procurement centers, the companies listed on the List on Government Procurement of Eco-labeled Products and List on Government Procurement of Energy Saving Products and experts involved to comment on the bidding process.

3.3 Current Situation of Eco-labelling of Copying Machines and Lighting Equipment and Their Extension
For copying machines and lighting equipment, the basic condition for a company to make an offer to Green Public Procurement tenders is obtaining China’s eco-labeling authentication or the authentication of China’s energy saving products.

China eco-labeling program was initiated by MEP (former SEPA) in 1993 in response to the concept of sustainable development put forward by UN Conference on Environment and Development held in 1992 and the campaigns of global “eco labeling”. SEPA (now the Ministry of Environmental Protection) has approved and issued 67 environmental label standards over the past 15 years. 65 of them are functioning and over 10 standards are currently under development. A total of over 30,000 products of more than 1,500 enterprises have obtained authentication of environmental label in China involving such industries as automobile, building materials, textiles, electronic products, daily chemicals, furniture and packaging products, creating a eco-labeled products groups with output of over 100 billion Yuan.
The implementation of the China Eco-labeling Program over the past decade has well linked with and supported environmental protection policies and efforts in China. Existing Eco-labeling authentication includes six categories such as the implementation of international environmental conventions, recycling and reuse of resources, improving regional environmental quality, improving indoor environmental quality, protecting human health and saving energy & resources.

China Eco-labeling Program tracks the dynamics and trend of the development of similar international standards in the field of green product standard, coordinates relevant industrial associations and enterprises in order to make China’s Eco-labeling standard being advanced and well developed. In the authentication system for Eco-labeling products, it has actively followed international standards and practice. With wide international cooperation, China Eco-labeling Program manages to keep the pace with the technical development of international “eco-label” and obtains increasing trust by the international community.

Established in October of 1998, the China Standard Certification Center [CSC, former CECP] is responsible for the authentication of energy saving products in China. It is affiliated to the China National Institute of Standardization and the third party authentication Institute for the certification of energy and water saving and environmentally friendly products. At present, it has concluded the authentication of 37 types of energy saving products. From February 2008, the certification work of energy-saving products in China will be transferred to the China Quality Certification Centre (CQC).

The 15-year development of China’s eco-labeled products has opened opportunities in a green consumption market for some product categories (see below), favored the development of green technology and clean technology, created certain scale of the market for green procurement products and laid an important foundation for the development of policy, standard, list and guidance for Green Public Procurement in China.

At present, the products covered by Green Public Procurement in China are mainly energy saving products and eco-labelling products. Energy saving products referring to those products with efficiency in energy consumption indicators compared with similar products. Eco-labelling products refer to those products that meet specific environmental protection requirements during production, use and treatment process and have environmental advantages such as low toxicity and hazard and saving energy compared with similar type of products. There are the following two major differences between energy saving products and eco-labeled products:

A) Differences in product function: energy saving products aim to meet certain standard of efficiency or energy consumption; while eco-labelling products not only meet certain efficiency or energy consumption standard, but also have other environmental advantages such as minimum toxicity and hazard.

B) Differences in the examination scope of the products: Eco-labelling products are examined during their whole life-cycle including manufacture, utilization and disposal, while energy saving products doesn’t have this requirement.
In this context, eco-labelling products are more in conformity with the objective of Green Public Procurement.

3.4 Current Situation of Green Public Procurement Copying Machine and Lighting Equipment and Analysis of the Barriers

This article analyzes the current situation of Green Public Procurement in China and obstacles to its wide implementation by taking as products examples copying machines (from the List on Government Procurement of eco-labelling Products) and lighting equipment (from the List on Government Procurement of Energy Saving Products).

3.4.1 Copying Machine Products

At present, most procurement centers in China carry out Green Public Procurement by open invitation to bid, and competitive negotiation. Most procurement centers implement Green Public Procurement by way of adding scores to the products in the List. However, there exist the following problems during the implementation:

(1) **Scoring barrier.** After the release of the *Suggestions on the Implementation of Government Procurement of Eco-labeled Products* by MEP (former SEPA) and Ministry of Finance, governments at all levels are facing a big challenge on how to implement these Suggestions. International experience in Green Public Procurement shows that government procurement administrative institutions at all levels are the key for carrying out green procurement work. The current problem in the implementation of Green Public Procurement is that both the List on Government Procurement of Energy Saving Products and List on Government Procurement of Eco-labelling Products include copying machines manufacturers. The presence on both lists creates confusion for the government procurement centers.

(2) **The amount of enterprises in the List is not sufficient.** Taking copying machines as an example, only 5 brands out of 6 obtaining eco-label certification and energy saving certification are in the list. Many enterprises cannot be on the list due to lack of access to the product certification. Therefore, to improve the fairness and competition of the list, efforts are needed to strengthen publicity of such products to enterprises, add channels with which enterprises get relevant information, guide enterprises to take part in certification, accelerate the adjustment and review & approval speed of the list so as to service Green Public Procurement.

(3) **The environmental awareness among procurers is weak.** There are many procurement departments in China with various competences: 31 provinces, autonomous regions and municipalities under the State Council across China have set up 29 provincial Collective Procurement Centers. But they are under the management of 9 different administrative departments. Therefore, some government procurement people may pay more attention to good price and high quality of product in the procurement due to the influence of traditional procurement outlook or lack of environmental awareness and neglect possible environmental impacts of the products. This has brought some impacts and uncertainty to Green Public Procurement of green copying machines.

37
3.4.2 Lighting Equipment
For lighting equipment, the List on Government Procurement of Energy Saving Products involves such lighting products as two-end fluorescent lamp, self-ballast fluorescent tube, high-voltage sodium lamp, one-end fluorescent lamp, high-voltage sodium lamp electronic ballast and tube fluorescent lamp ballast. The procurement procedures of green lighting equipment follow Green Public Procurement procedures.


A total of 33 types of products, 26 of energy saving products and 7 water saving are involved. Nine types of products including air conditioners, two-end fluorescent lamp & self-ballast fluorescent lamp, TV, electric heater, computer, printer, monitor, sanitary wares, faucet are the first batch of energy and water saving products covered by compulsory government procurement program.

Therefore, because two-end fluorescent lamp & self-ballast fluorescent lamp are in the list of “national list on compulsory procurement products”, the two kinds of green lighting equipment dominate government procurement in this type of products. Under the present procurement rules, the two types of green lighting equipment have the potential to further expand their market share in government procurement light equipment. But we also recognize that the energy-saving governments procurement of lighting equipment just focuses on the energy-saving aspect of the lighting equipment, but don’t pay attention to the other environmental features (or shortcomings) of the products.

3.5 Information about Government Procurement of Green and Non-green Copying Machine and Lighting Equipment
Green Public Procurement work has made some first steps ahead since the adoption of the law on Green Public Procurement in China.

In May of 2007, National Statistics Analysis of Government Procurement Information in 2006 issued by Ministry of Finance pointed out that total government procurement expenditure of energy & water saving products across China in 2006 was 67.25 billion yuan, accounting for 66.7% of the total procurement volume of the same products. Among them, energy saving and water conservation products with relatively large procurement scale are the followings: computer 61.36 billion yuan, printer 4.65 billion yuan and air conditioner 1.059 billion yuan.

Because China did not begin the adoption of government procurement of Eco-labeled products until 2007, we now do not have relevant information about government procurement of green and non-green copying machine and lighting equipment. What is presented is
however a beginning and a progression is expected in the next years through a more intense policy and awareness rising efforts.

4. Obstacles for Green Public Procurement in China and Policy Recommendations
The above descriptions show that the Chinese Government attaches importance to energy saving of lighting equipment and products and issued a series of policies to facilitate the development of green lighting products in China. NDRC and Ministry of Finance are jointly carrying out the High-efficiency Lighting Product Extension Program, the Central government gives direct subsidy to the manufacturers of green lighting products. At present, it has signed contracts with relevant enterprises to produce the first batch of 50 million energy saving lamps for extension. As one of the key measures for energy saving and emission reduction, China plans to the extension of 150 million high-efficiency lamps across the country by financial subsidy during the “11th Five-Year Plan” period to gradually replace incandescent lamp and other low-efficiency lighting products.

Therefore, the obstacles to government procurement of green lighting products in China will be gradually removed through policy interventions and market force. It is expected that government procurement of energy saving lighting equipment will dominate government procurement of lighting equipment in the next few years.

Copying machine better mirrors the problems occurred when China begins the implementation of Green Public Procurement. The above analysis on the obstacles to government procurement of green copying machines highlights that Green Public Procurement in China has to face the following problems:

(1) Relevant policies are not complete. Because of price, green products usually cannot compete with traditional products in government procurement procedures, some compulsory regulations or policies are needed to facilitate the operation of green market in early implementation stage of green procurement. However, apart from the release of the Suggestions on the Implementation of Government Procurement of Eco-labeled Products and Suggestions on the Implementation of Government Procurement of Energy Saving Products, China has not issued other policies to promote Green Public Procurement.

(2) Lack of green products in market. Because relative small market shares of green product due to low popularity or price, enterprises lack the driving force and technologies to develop green products. Therefore, there are relatively small amount of green products available for government procurement.

(3) Lack of training for relevant people. The descriptions of the previous chapters show that stakeholders of Green Public Procurement include government procurement staff, experts commenting the bid, suppliers, and the people in government procurement supervision and management departments who have the responsibility for supervision and administration etc. However, we have small amount of training for government procurement staff in terms of
environmental awareness and knowledge about green products.

(4) Lack access to information about green procurement. Environmental information is an important element for the development of Green Public Procurement. Issuing eco-labeled product lists, making these lists publicly available, actively obtaining environmental information about relevant products and marketing enterprises and issuing such information in accordance with certain standards will constitute important foundation for the implementation of and supervision on green procurement. There are only a few companies on the List of Green Public Procurement. Government departments and the companies also lack communication and marketing skills, and access to appropriate information channel to gain visibility. Finally, also business to business information exchange is weak and so companies cannot find the suppliers of green products.

(5) Monitoring and assessment. To accurately identify green products and services, monitor the achievements of green procurement and the areas where improvement is needed, it is necessary to monitor and evaluate the implementation outcomes of such procurement. However, China just begins Green Public Procurement and lacks expertise in this field.

In this regard, EU has obtained great achievements and accumulated much good experience and offers a possible model for the gradual implementation of green procurement. We hope that with the introduction of relevant systems and mode on Green Public Procurement of developed countries, we could explore the best measures for China to carry out Green Public Procurement.

At present, we suggest wide and in-depth cooperation with EU and UNEP in the following areas to accelerate Green Public Procurement in China.

4.1 Legal Countermeasures
Successful experiences of other countries show that in the early stage of Green Public Procurement some laws and regulations should be promulgated to advance government green procurement. The Government should proclaim policies based on its objects, mechanism and supporting measures. Because of its early stages of Green Public Procurement, the Chinese government needs training from other countries and international organizations in order to improve its ability to formulate policies. Implementation is also a proving to be a challenge and needs reinforcement and examples from other countries.

4.2 Market Countermeasures
The stable supply of green products is the premise of successful implementation of Green Public Procurement in China. So in order to encourage the supply of the Chinese green products, the Chinese government needs to learn from the successful experiences on Integrated Product Policy of other countries, and take a series of measures in such areas as taxation, government subsidy, material’s recycling, environmental responsibility, environmental standards and eco-labels, Green Public Procurement, eco-design, promotion of the production and consumption of green products and life cycle analysis. But in these aspects,
we need to enhance the communication with other countries and organizations and gain the relative competence support.

**4.3 Training of Relevant People**
People in charge of green procurement cannot make the right decision until they receive proper training and obtain necessary knowledge about green products and environmental protection. Therefore, it is necessary to train procurement staff and to innovate in the culture of the offices and administration. Many counties in the world attach importance to the training of people involved in Green Public Procurement. They did so by training these people and by publishing green procurement manuals, which highlights the importance of the public sector purchasing in terms of environment impact and support to environmental policies.

We hope the Chinese Government can get the relative training and assistance from the international community in drafting and issue specific and concrete documents such as Guide for Government procurement of Green Products, as well as in training the government procurement staff in China to strengthen their understanding about green procurement. These training courses will involve basic knowledge about environmental impacts and technical procedures & practice for real green procurement.

**4.4 Improve Information Network**
To ensure the distribution of information about green procurement in time is the prerequisite for green procurement. Green Public Procurement requires not only the strengthening of the communications among producers, buyers and consumers, but also the enhancement of sharing and communication of information about procurement among governments and countries. This needs the establishment of a wide information platform. The most effective approach is setting up a procurement network shared by multi-parties.

Although China has set up Chinese Green Procurement Network (CGPN), it is not complete and needs much improvement in this early phase. Therefore, it urgently needs the help from other international organizations in terms of development, operation and maintenance of the website.

**4.5 Green Public Procurement Tool Kit**
To accurately identify green products and services, monitor green procurement achievements and find out problems in Green Public Procurement in time, many countries are exploring to establish the Green Public Procurement tool kit adapted to their countries. The Chinese Government wants to establish the Chinese Green Public Procurement tool kit, which will be used to train for relevant Chinese people, guide procurement activities of relevant persons, improve their capacity and greatly facilitate Green Public Procurement in China.
ANNEX II: AGENDA

Expert Workshop on Green Public Procurement

Agenda

This particular workshop is organized in the framework of the “Sustainable Consumption and Production roundtables in South Africa and Brazil and follow up expert meetings in India and China” project funded by the European Union (EU), and UNEP. The project aims also at advancing green procurement in China and at favouring successful synergies among the actors of procurement (SEPA, Central Government Management Bureau, SCP Helpdesk).

The workshop is also sponsored by the Environmental Development Centre of Ministry of Environmental Protection (EDC MEP).

Specific objective: This workshop is designed to analyze the government purchasing process of two products categories, photocopiers and efficient light bulbs, and then formulate possible solution to promote public green procurement, and reduce the obstacles to its successful implementation in China. Such workshop will also aim at providing elements for a further project for the implementation of the solutions identified in China

Date: June 11th, 2008
Venue: Beijing Capital Xindadu Hotel, Meeting Hall C
Language: simultaneous translation between Chinese and English

Participants: Around 60 persons from organizations as follows
- Ministry Of Environmental Protection, Ministry of Finance, the China SCP help desk, central government Procurement Centers in China, relevant NGOs and industry stakeholders, Environmental Development Centre of Ministry of Environmental Protection, Environmental Certification Centre of Ministry of Environmental Protection
- UNEP, EC, International experts, IGPN
<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:30–8:50</td>
<td>Welcome remarks — Ms. Zhang Jieqing, Director of International Organization Division, MEP</td>
</tr>
<tr>
<td></td>
<td>The UNEP work on SP, SUN and the Marrakech process — Mr. Arab Hoballah, Chief of Sustainable Consumption and Production Branch, UNEP-DTIE</td>
</tr>
<tr>
<td>8:50–9:10</td>
<td>Introduction of the project to enhance the implementation of public green procurement in China and the stakeholders — Ms. Wei Zhao, Environmental Affairs Officer, UNEP Regional Office for Asia and the Pacific</td>
</tr>
<tr>
<td>9:10–9:40</td>
<td>Introduction to the Marrakech Task Force for Sustainable Public Procurement and its methodology to develop and implement SPP policies — Ms. Eveline Venanzoni, Head of International Task Force on Sustainable Public Procurement</td>
</tr>
<tr>
<td>9:40–9:50</td>
<td>Questions/Answers</td>
</tr>
<tr>
<td>9:50–10:10</td>
<td>Coffee break</td>
</tr>
<tr>
<td>10:10–10:30</td>
<td>Introduction to the Study on the Implementation on Green Public Procurement in China (Taking copiers and lighting devices as example) — Ms. Zhang Xiaodan, Experts from Environmental Development Centre, MEP</td>
</tr>
<tr>
<td>10:30–10:50</td>
<td>Description of the situation in China (legal, market situation and awareness of procurers), Problems and solutions identified by the EDC — Ms. Zhang Xiaodan, Experts from Environmental Development Centre, MEP</td>
</tr>
<tr>
<td>10:50–11:00</td>
<td>Questions and remarks from the audience</td>
</tr>
<tr>
<td>11:00–12:00</td>
<td>Panel discussions on the situation with international experts and representatives of the procurement services in China, the SCP help desk, and international experts</td>
</tr>
<tr>
<td>12:00–13:30</td>
<td>Buffet and rest</td>
</tr>
<tr>
<td>13:30–13:50</td>
<td>The national strategy on Sustainable Public Procurement in France — Mr. Farid Yaker, Expert sustainable development</td>
</tr>
<tr>
<td>13:50–14:10</td>
<td>The national Strategy on Sustainable Public Procurement in the UK — Ms. Barbara Morton, Sustainable procurement Ltd</td>
</tr>
<tr>
<td>14:10–14:30</td>
<td>The EU policy for Green Public Procurement, tools and demands on countries — Mr. Javier Arribas Quintana, Counsellor, Economic and Finance Section of the European Commission Delegation in China</td>
</tr>
<tr>
<td>14:30–14:50</td>
<td>Japan Green Public Procurement — Mr. Tsuji Keitaro, Officer, Environment and Sustainability Office</td>
</tr>
<tr>
<td>Time</td>
<td>Session</td>
</tr>
<tr>
<td>-------------</td>
<td>----------</td>
</tr>
<tr>
<td>14:50-15:00</td>
<td>Questions and answers</td>
</tr>
<tr>
<td>15:00-16:00</td>
<td>Discussions (in working groups if needed) on the solutions proposed for the enhancement of SPP and elaboration of a project concept for the implementation of these solutions.</td>
</tr>
<tr>
<td>16:00-16:20</td>
<td>Coffee break</td>
</tr>
</tbody>
</table>

**Session 3 Closing**

Chairman: **Ms. Wei Zhao, Environmental Affairs Officer, UNEP Regional Office for Asia and the Pacific**

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>16:20-16:50</td>
<td>Reporting about the discussions in plenary and drafting of the main elements of a project plan for the enhancement of SPP in China</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>---- ---- Ms. Wei Zhao, Environmental Affairs Officer, UNEP Regional Office for Asia and the Pacific</td>
</tr>
<tr>
<td>16:50-17:00</td>
<td>Summarize and Closing Remarks</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>---- ---- Ms. Wang Kaiyu, Director of Environmental Technology Guidance Division, Department of Science, Technology and Standards, MEP</td>
</tr>
</tbody>
</table>
## ANNEX III: LIST OF PARTICIPANTS

<table>
<thead>
<tr>
<th>Organization</th>
<th>Family Name</th>
<th>First Name</th>
<th>Country</th>
<th>Tel/Fax</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNEP DTIE, Production and Consumption Branch</td>
<td>Hoballah Arab</td>
<td>Head</td>
<td>France</td>
<td>+33 1 44 37 14 40</td>
<td><a href="mailto:arab.hoballah@unep.fr">arab.hoballah@unep.fr</a></td>
</tr>
<tr>
<td>International Green Purchasing Network (IGPN)</td>
<td>Akira KATAOKA</td>
<td>Manager</td>
<td>Japan</td>
<td>86-1084548147</td>
<td><a href="mailto:stefan.agne@ec.europa.eu">stefan.agne@ec.europa.eu</a></td>
</tr>
<tr>
<td>Sustainable Procurement Limited</td>
<td>Barbara Morton</td>
<td>Sustainable Procurement Advisor</td>
<td>United Kingdom</td>
<td>+44-7766023560</td>
<td><a href="mailto:Barbm110@aol.com">Barbm110@aol.com</a></td>
</tr>
<tr>
<td>R&amp;D Department of Environmental Certification Center, MEP</td>
<td>Cao Lei</td>
<td>Deputy Director</td>
<td>China</td>
<td>+86-1059205851</td>
<td><a href="mailto:caolei@sepacec.com">caolei@sepacec.com</a></td>
</tr>
<tr>
<td>Korea Green Purchasing Network (KGPN)</td>
<td>Duk-seun g Lee</td>
<td>Co-representative</td>
<td>Korea</td>
<td>+82 2 7179818</td>
<td><a href="mailto:dukseung@gcn.or.kr">dukseung@gcn.or.kr</a></td>
</tr>
<tr>
<td>Sichuan Changhong Electric Co., Ltd.</td>
<td>Deng Bo</td>
<td>manager</td>
<td>China</td>
<td>86-0816-2417557</td>
<td><a href="mailto:dengbo@changhong.com">dengbo@changhong.com</a></td>
</tr>
<tr>
<td>Federal Agency for the Environment, Switzerland</td>
<td>Eveline Venanzoni</td>
<td>Head of ecological purchasing service</td>
<td>Switzerland</td>
<td>+41 31 3229319</td>
<td><a href="mailto:eveline.venanzoni@bafu.admin.ch">eveline.venanzoni@bafu.admin.ch</a></td>
</tr>
<tr>
<td>United Nations Environment Programme (UNEP)</td>
<td>Farid Yaker</td>
<td>Consultant</td>
<td>France</td>
<td>+33 6 18665360</td>
<td><a href="mailto:Farid.yaker@gmail.com">Farid.yaker@gmail.com</a></td>
</tr>
<tr>
<td>R&amp;D Department of Environmental Certification Center, MEP</td>
<td>Feng Jing</td>
<td>Researcher</td>
<td>China</td>
<td>+86-10-59205950</td>
<td><a href="mailto:fj@sepacec.com">fj@sepacec.com</a></td>
</tr>
<tr>
<td>International Green Purchasing Network (IGPN)</td>
<td>Hiromi Mori</td>
<td>Secretary General</td>
<td>Korea</td>
<td>+81 3 34065155</td>
<td><a href="mailto:hmori@net.email.ne.jp">hmori@net.email.ne.jp</a></td>
</tr>
<tr>
<td>Korea Eco-Products Institute (KOECO)</td>
<td>Hyun-Jung Im</td>
<td>Team Leader, Environment &amp; Industry Team</td>
<td>Korea</td>
<td>+82 2 20850022</td>
<td><a href="mailto:hjim@koeco.or.kr">hjim@koeco.or.kr</a></td>
</tr>
<tr>
<td>Federal Environment Agency (Germany) (UBA)</td>
<td>Jörn-Uwe Thurner</td>
<td>Deputy Head of Section</td>
<td>Germany</td>
<td>+49 21033640 360</td>
<td><a href="mailto:joern-uwe.thurner@uba.de">joern-uwe.thurner@uba.de</a></td>
</tr>
<tr>
<td>Economic and Finance Section of the European Commission Delegation in China</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Javier Arribas Quintana, Counsellor, China, +86 10 84548102, <a href="mailto:javier.arribas@ec.europa.eu">javier.arribas@ec.europa.eu</a></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Green Purchasing Network (GPN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazuya Koujitani, Secretary General, Japan, +81 3 34065155, <a href="mailto:Kazuya-Koujitani@net.email.ne.jp">Kazuya-Koujitani@net.email.ne.jp</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environment and Economy Division of Ministry of Environment, Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keitaro Tsuji, Officer, Japan, +81 3 55218229, <a href="mailto:keitaro2_tsuji@env.go.jp">keitaro2_tsuji@env.go.jp</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AEON Co., Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Karin Brita Erika Jangen, Director of Strategic Marketing, USA, +32-475454217, <a href="mailto:ejangen@Boston-Power.com">ejangen@Boston-Power.com</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hong Kong Environmental Protection Association</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linda Ho, Chairman, Hong Kong, +852 97872233, <a href="mailto:lindaho@greencouncil.org">lindaho@greencouncil.org</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental Certification Center, MEP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liu Zunwen, Assistant Director, China, +86-10-59205850, <a href="mailto:liuzw@sepacec.com">liuzw@sepacec.com</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ecological Economic and Sustainable Development Research Centre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lang Chunlei, Researcher, China, <a href="mailto:chunlei@sass.org.cn">chunlei@sass.org.cn</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sichuan Changhong Electric Co., Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luo Wen, Project Manager, China, +86-0816-2417557, <a href="mailto:changhong@changhong.com">changhong@changhong.com</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Certification Centre, China standardization Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liu Caifeng, Deputy Director, China, +86-10-58811560, <a href="mailto:liucf@cecp.org.cn">liucf@cecp.org.cn</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Beijing University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Li Yanping, Researcher, China</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shanghai University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Li Yuyue, Researcher, China</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental Certification Center, MEP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Li Ying, Researcher, China, +86-10-59205853, <a href="mailto:liy@sepacec.com">liy@sepacec.com</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental Certification Center, MEP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Li Mingbo, Researcher, China, +86-10-59205953, <a href="mailto:limingbo@sepacec.com">limingbo@sepacec.com</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Regional Helpdesk on Sustainable Consumption and Production in Asia and the Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martin Schweighofer, Managing Director, China, +86-10-58811566, <a href="mailto:scphelpdesk@gmail.com">scphelpdesk@gmail.com</a></td>
</tr>
<tr>
<td>Organization / Institute</td>
</tr>
<tr>
<td>--------------------------------------------------------------</td>
</tr>
<tr>
<td>UNEP/Wuppertal Institute Collaborating Centre on Sustainable</td>
</tr>
<tr>
<td>Consumption and Production (CSCP)</td>
</tr>
<tr>
<td>Certification Centre, China standardization Committee</td>
</tr>
<tr>
<td>AEON Co., Ltd</td>
</tr>
<tr>
<td>Boston-Power, Inc</td>
</tr>
<tr>
<td>UNEP DTIE, Production and Consumption Branch</td>
</tr>
<tr>
<td>Sharp Electronics (Europe)</td>
</tr>
<tr>
<td>Dell Company</td>
</tr>
<tr>
<td>Canon(China)Co., LTD</td>
</tr>
<tr>
<td>Japan Environment Association (JEA)</td>
</tr>
<tr>
<td>United Nations Environment Programme (UNEP)</td>
</tr>
<tr>
<td>Environmental Technology Guide of Science and Technology</td>
</tr>
<tr>
<td>Department MEP</td>
</tr>
<tr>
<td>Ecological Economic Development</td>
</tr>
<tr>
<td>Research Centre</td>
</tr>
<tr>
<td>Policy Research Centre for Environment and Economy (PRCEE)</td>
</tr>
<tr>
<td>Canon(China)Co., LTD</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Company / Organization</td>
</tr>
<tr>
<td>-----------------------------------------</td>
</tr>
<tr>
<td>China Electronic Standardization Institute (CESI)</td>
</tr>
<tr>
<td>Environmental Certification Center, MEP</td>
</tr>
<tr>
<td>Environmental Certification Center, MEP</td>
</tr>
<tr>
<td>Environmental Development Center, MEP</td>
</tr>
<tr>
<td>International Organization Division of International cooperation Department, MEP</td>
</tr>
<tr>
<td>Tianjin Toyo Ink Co., Ltd</td>
</tr>
<tr>
<td>TCL Company</td>
</tr>
<tr>
<td>Shangdong Environmental Protection Bureau</td>
</tr>
<tr>
<td>Environmental Technology Guide of Science and Technology</td>
</tr>
<tr>
<td>Shanghai Volkswagen</td>
</tr>
<tr>
<td>China Environmental Protection Foundation</td>
</tr>
</tbody>
</table>
ANNEX IV: PROJECT DESCRIPTION

At present, The Opinion on Government procurement of environmentally labeled products has been actively implemented from January 1, 2007 in the central and provincial budget units (including some cities specifically designated in the state plan) and will be implemented in the whole country from January 1, 2008. The expected results however are still not there and the implementation is not so far satisfactory.

To ensure the successful implementation of public green procurement work, MEP plans to choose two representative categories of products and carry out public green procurement on an experimental basis. The first category of products chosen is the photocopiers which the most commonly used office machine included in the “Government Procurement List on Environmental Labeling Products”; photocopiers are purchased by the government in a large of amount every year, but actually very little amount of green photocopiers has been purchased by government every year.

The other category is efficient light bulbs the use of which is encouraged by the central government in recent years, and which is likely to be added soon to the government green procurement list. Most of electric power is produced by raw coal in China nowadays, and it is known that thermal power caused great pollution in the production process. The electricity used by lighting is ranked 12 percentage of total used electricity in China which reaches 280,000,000,000 kwh in 2006, it is meaningful for implementation of green lighting in China, for it could save many raw coal and reduce much pollution. The State Economic and Trade Commission of China had initiated a lighting project in November of 1993 which had been added to national plan in 1996, but this work moved slowly, up to now, only few local governments added efficient light bulbs to the list of government procurement.

If we can eliminate the obstacles produced in the purchasing process of efficient light bulbs and photocopiers, it will not only improve the amount of public green procurement, but also provide excellent guide to the other kinds of products in the “Government Procurement List on Environmental Labeling Products” and promote the development of the public green procurement.

The project will analyze the relative policies, measures and rules regarding Green Public Procurement that hinder the concrete application of green criteria in public purchasing and seek appropriate solutions. The project will be implemented in close collaboration with UNEP especially for the analytical part - so as to access and if possible adapt to the Chinese reality the advanced experiences of other counties for reference.
Session 2: Sustainability Concerns in Public Consumption and the Benefits of SP

International Sustainable Consumption Conference and workshops on green procurement and eco-labelling
Beijing, 10-12 June 2008

UNEP-MEP Project on the implementation of green procurement in China

- Follows up the China Roundtable on Sustainable Consumption and Production, May 2006 where green procurement was identified as a key priority in China for the advancement of SCP
- Funded by the European Commission as part of a series of national roundtables on SCP

Background

- China has already a legal framework for green procurement: since 2006 the Ministry of Finance and the (now) ministry of environmental protection jointly decided whenever public funds are used to purchase products, eco-labelled products should have priority (Ms. Zhang Xiaodang will describe the system)
- Formal engagements however demands multi-agency cooperation, especially practical, operational systems
- July 2007 (former SEPA) contacted UNEP to have support on this and to investigate the most effective ways to ensure that legal and regulatory systems are established and operational
- In at the same time the central government management bureau has started looking at green procurement and how to mainstream it through China’s procurement practices

Project goals

Main objective: support the advancement of green procurement in China.

Specific objective:
1. Analyze the government purchasing process
2. Identify obstacles to be overcome in the process of public green procurement
3. Propose concrete steps forward for a more implementation focuses project follow up.

Focus: energy efficient light bulbs and photo-copiers

Project expected results

A) A diagnosis of the mechanisms of green procurement in China and identification of obstacles to overcome (particularly for the 2 products categories)
B) Dialogue between environment, finance and central government procurement system
C) A discussion among China experts and international European experts

And …

Project expected results ctd.

D) A number of potential solutions to the present difficulties in implementing green procurement in China that can become the outline for a Joint MEP- UNEP follow up implementation project
E) A final report describing the project the finding of the background study and the conclusions of today’s meeting
Today's meeting (morning):

1. Presentation of how procurement is part of the Marrakech process for sustainable consumption and production: Marrakech Task Force for Sustainable Public Procurement (Ms Venanzoni)

2. Presentation of the survey on green procurement in China: Ms. Zhang Xiaodan, Experts from Environmental Development Centre, MEP

3. Panel discussions with specific focus on:
   - What are the reactions of international and local experts on these findings?
   - What are the key lessons and experiences from the Chinese practices so far?
   - What are the key challenges and barriers?

Today's meeting (afternoon):

1. International experts: how is sustainable/green procurement managed in other countries: M Yaker-France, Ms Morton-UK, Mr Arribas Quintana-EU, Mr Keitaro Tsuji-Japan

2. Discussions on the solutions proposed by the China survey on green procurement in light of all the international experiences: elaboration of the follow up project outline with focus on:
   - Priority areas to be addressed in order to mainstream green procurement into government procurement practices;
   - Specific priority areas where international cooperation and expertise can be most effective

3. Conclusions and way forward

UNEP is very interested in supporting China in the follow up to this project in collaboration with other partners such as the Marrakech task force on Sustainable Public Procurement, the EU, IGPN etc.
Introduction to the Marrakech Task Force on Sustainable Public Procurement (SPP) and its Methodology to develop and implement SPP

Beijing, 11 June 2008

Overview

• The Marrakech Task Forces (MTFs)
• The MTF on SPP
• Definition of SPP
• Main Outputs
• The MTF’s Methodology
• The MTF on SPP in Action
• Next Steps

Task Forces Implementing SCP

Marrakech Task Force on Sustainable Public Procurement

MTF on SPP

The objective of the Marrakech Task Force on SPP is that 14 countries distributed in all regions will have tested the SPP approach by 2010/11.

Task Force led by Switzerland

Chaired by: Eveline Venanzoni, Alexander Kopp
Swiss Federal Office for the Environment
eveline.venanzoni@bafu.admin.ch
alexander.kopp@bafu.admin.ch

Co-Chaired by: Sheila Encabo, Philippines

Members: China, Argentina, Mexico, Ghana, Philippines, UK, Norway, Czech Republic, USA, State of São Paulo, Switzerland, UNEP, UNDESA, ILO, European Commission Services, ICLEI, ISB

Definition of SPP

“Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.”

This definition has been adopted by the MTF on SPP at its first meeting. Taken from « Procuring the future » report of the UK Sustainable Procurement Task Force, June 2006.

Main Outputs

• SPP Approach
• SPP Principles / SPP Definition
• Implementation Plan
• Web-based Status Assessment
• Training and guidance Material
• Legal Review
• Market Readiness Analysis
• Training - First pilot training carried out in Argentina in November 2007
• Regional “Training of Trainers ToT”, (first pilot carried out 2-3 June 2008, Midrand, ZA)
• Plan for 2010 and beyond

UNEP takes over from FOEN and is responsible for continuation of implementation.
The MTF’s methodology to introduce and develop SPP

- SPP Principles
- Status Assessment
- Legal Review
- Market Readiness Analysis
- Training
- Implementation Plan
- Implementation

SPP principles

- Motto: Good procurement is sustainable procurement!
- On leadership
- On policy through procurement
- On enabling delivery
- On implementing
- Monitoring results and outcomes

Web-based Status Assessment SA

- Objectives: to enable to
  - Identify what’s happening nationally on SPP
  - Identify areas of success in SP and areas where further work is required
  - Understand the steps needed to improve SPP
  - Access sources of guidance to improve SPP
  - At a later stage, completing the Status Assessment again will allow to check progress

- Who is the Status Assessment useful for?
  - National procurement policy makers
  - Procurement managers and procurers
  - Others who wish to improve existing procurement processes

- How does it work?
  - Based on a self-assessment questionnaire (online or downloadable).
  - Better achieved by a group of key representatives from the procurement, policy, sustainable development, environment, legal, human resources and finance departments, possibly suppliers also

Status Assessment SA available online at: http://www.iclei-europe.org/index.php?id=4526

Legal review

- Research to determine the legal framework for procurement in the country and the legal possibilities to integrate SPP principles
- Should also take into account institutional framework for SPP
- Where public procurement reform is underway, need to consider opportunities and timing for introduction of sustainable procurement
Market Readiness Analysis

- Research into which sectors are offering more sustainable products/solutions in the pilot country and in which sectors there are opportunities to improve.

Training

- Based on need for:
  - Promotion of implementation in many countries throughout the world
  - Consistency of message
- Training materials: providing different stakeholders in the procurement process an easy start to implement the concept of SPP.
- Regional “training of trainers”: to develop expert capacity on SPP implementation
- National SPP implementation workshops

SPP country implementation plan

MTF on SPP in action

5th MTF on SPP meeting and training in first pilot country: Argentina, November 2007

Pilot “Training of Trainers” Event ToT: Midrand, South Africa: 2-3 June 2008
Pool of 14 MTF trained experts capable to implement the SPP approach

Next Steps

- Implementation of the SPP Approach in Ghana: Inauguration of Ghana Task Force on SPP, August 2008
- Pilot countries to join in: Mexico, Costa Rica
- In discussion with: Brazil, Tunisia, Egypt, Sri Lanka, Mauritius, Nigeria, Turkey, South Africa.....
- Training of Trainers workshop for French speaking African countries
Possibilities for Collaboration with China

- Build on GPP and eco-labelling activities:
- Pilot the flexible MTF on SPP approach in China
- Organise a “Training of Trainers” workshop in China for the Asia Pacific region
- Other ideas?

Thank you for your attention and your interest!

eveline.venanzoni@bafu.admin.ch
**Project on Implementation of Green Public Procurement Project in China**

**Environmental Development Centre**
Ministry of Environmental Protection, P.R. China

---

**Contents**

1. Chinese Government Procurement
2. Green Public Procurement in China
3. Current Situation of Green Public Procurement of Copying Machines and Green Lighting Equipment and Obstacle Analysis
4. Obstacles for Green Public Procurement in China and Policy Recommendations

---

**Chinese Government Procurement**

- **Government procurement**
  - The behavior of governments and institutions at all levels as well as organizations that spend financial funds to procure the goods, projects and services listed on the collective procurement catalogue which is developed according to law or procure the goods, projects and services going beyond the limit.

- **Government procurement system**
  - An important part of the administration of public financial system and a basic means with which the State administrates direct expenditure.
  - Because the significant achievements of government procurement in such areas as the enhancement of the management of financial expenditure, saving financial capital and promoting economic development, many and more countries in the world adopt government procurement system. With the change of the objective and contents of government procurement in each country, ways of government procurement have been under continuous improvement.

---

**The development of procurement in China**

- 1999: The first trial of government procurement was carried out in Shanghai and Shenzhen.
- 1996: China started the official commencement of the drafting of Government Procurement Law.
- 2002: The Law on Government Procurement was officially promulgated, which marked a milestone reform in the development and legislation of government procurement in China.
- 2008: The scale of the government procurement in China is beyond 400 billion Yuan.

---

**The status quo of Government procurement in China**

- **The Three Forms of Government Procurement**
  - Procurement by the Government Procurement Centre.
  - Centralized Procurement by Department.
  - Sole Procurement.

- **The ways of Government Procurement**
  - The open tender procurement method rank first.

- The annual growth of government procurement was 68.1% from 1998 to 2007; the government procurement in China is beyond the limit.
The features of Government procurement in China

1. **Features of GP in China**

   - Procurement of engineering and services grows quickly.
   - The information announcement and management of review experts has further standardization.
   - Government procurement of the central government increases continuously.
   - Open tender procurement method has been continuously strengthening.
   - The mechanism handling the complaints by the suppliers of government procurement has been gradually improving.
   - Collective procurement is a main form of government procurement.

2. **Relevant laws and regulations**

   - **Laws on GP**
     - Law of P.R.C. on Government Procurement
     - Law of P.R.C. on Administrative Supervision
   - **Administrative regulations on GP**
     - Law of P.R.C. on Invitation to Bid and Bidding
     - Law of P.R.C. on Contract Law
   - **Methods on GP**
     - Program on the Implementation of Government Procurement by Central Government Departments in An All Round Way
     - Suggestions on Comprehensive Promotion of the Reform of Government Procurement System
   - **Other**
     - Provisional Measures of National Government Procurement Center for the Management of Review Experts
     - Measures for the Implementation of Agreed Goods Supply of Information Products in Collective Procurement by the Central Government Departments

3. **Government Procurement Procedure**

   - China takes **Open Tender Procurement Method** as the first preference of government procurement.
   - The processes of the common invitation of bid and procurement procedures:
     - **Procurement demand**
     - **Choose procurement method**
     - **Qualification review**
     - **Carry out the procurement method**
     - **Sign procurement contract**
     - **Fulfill procurement contract**
     - **Check & acceptance**
     - **Settlement**
     - **Benefits assessment**

4. **Government Procurement Methods**

   - **Main Procurement Methods**
     - Open Invitation (OIM)
     - Limited suppliers (LSM)
     - Big cost of invitation of bid (IB)
     - IB failure
     - Failure in making clear requirement for goods
     - Urgent need
     - Unable to estimate total price
     - Only supplier
     - Urgent need
     - Need additional procurement from the original supplier
   - **Other Conditions**
     - The specifications and standard of goods are unified with sufficient supply and small price fluctuation

5. **Contents**

   1. Chinese Government Procurement
   2. Green Public Procurement in China
   3. Current Situation of Green Public Procurement of Copying Machines and Green Lighting Equipment and Obstacle Analysis
   4. Obstacles for Green Public Procurement in China and Policy Recommendations
Concept and Background of Green Public Procurement

Green Public Procurement

Government selects the products and services with minimum threat to human health, minimum resource consumption and adverse impacts on the environment when it procures goods, services and technologies, which encourages the development and production of environment-friendly products and services, optimizes industrial and economic structure, promotes economic sustainable development and public sustainable consumption.

The effects of Green Public Procurement

Green Public Procurement system have government a model function and may be an important means for regulating macro economy and promoting structural adjustment of industries and products.

Green Public Procurement can improve corporate environmental awareness, facilitate and promote enterprises to strengthen and improve environmental management and is conducive to the implementation of sustainable production strategy.

Green Public Procurement can raise public environmental awareness and accelerate the development of green consumption market.

Policy framework and procedures

China has introduced the very effective practice of many developed countries, i.e. the development of some compulsory regulations or policies to promote green market.

China has introduced the implementation of Government Procurement of Environmental Labeling Products, published the Inventory of Environment labeling Products for Government Procurement, promulgated the Law of the People's Republic of China on Government Procurement.

Scope of Green Public Procurement in China

Main propellents of GPP in China

- National development and reform commission (NDRC)
- Ministry of Finance
- Ministry of Environmental Protection (former SEPA)

Main types of products in GPP of China

- Office Consumables, Cleaning Products, IT Equipment
- Office Equipment, Vehicles And Building Materials, Etc.

Considerations of Identifying the priority procurement areas

- The environmental impacts of products or services
- The scale of government procurement
- The appropriate access to the information about green products
- The effect on cultivation and development of green market.

Product types on China's GPP inventory

Inventory of Government Procurement on Environmental Labeling Products

- Light Duty Vehicles, Copying Machines
- Printers, Fax Machines & Multi-functional Machines
- Water Based Coatings, Artificial Wooden Boards, Floor Board
- Furniture, Color TV, Lightweight Wall Boards
- Plastic Door & Windows, White Emulsion
- Building Rocks, Building Wares, Sanitary Wares

Inventory of Government Procurement on Energy Saving Products

- Energy Saving Products
- Water Saving Products

Procedures of Green Public Procurement in China

1. Develop GPP plan
2. Develop GPP budget
3. Identify GPP inventory
4. Choose GPP method
5. Organize invitation to bid
6. Comment on bid
7. Identify potential suppliers
Procedures of Green Public Procurement in China

1. Issuing announce. of public bidding
2. Develop GPP plan
3. Develop GPP budget
4. Identify GGP inventory
5. Choose GGP method
6. Develop GGP inventory
7. Identify Supplier & sign contract
8. Comment on bid
9. Organize invitation to bid

Explain energy saving or environmental protection requirement for the product, product qualification or review standard for prioritized procurement.

Standard of Green Public Procurement in China

China Environment Label has been adopts as the requirement for GGP

The development of information network to ensure timely delivery of green procurement information is the prerequisite for green procurement.

Supporting means of GPP in China

Contents

1. Chinese Government Procurement
2. Green Public Procurement in China
3. Current Situation of Green Public Procurement of Copying Machines and Green Lighting Equipment and Obstacle Analysis
4. Obstacles for Green Public Procurement in China and Policy Recommendations
Inventory of Government Procurement on Environmental Labeling Products (GPELP)
- Includes 6 copying machine manufacturers
- Includes 73 enterprises that produce such lighting products
- High-pressure sodium lamp, end-on fluorescent lamp, high-pressure sodium lamp electronic ballast and tube shape fluorescent lamp ballast.

Inventory of Green Public Procurement on Energy Saving Products (GPESP)
- High-pressure sodium lamp, end-on fluorescent lamp, high-pressure sodium lamp electronic ballast and tube shape fluorescent lamp ballast.

Main participants
- Government procurement centers
- Relative experts
- Policy Maker
- Experts involving commenting bid process
- Enterprises listed on the Inventory on GPELP and Inventory on GPESP

Current situation of eco labeling
- China environmental labeling program
- Environmental labeling products refers to those products with the characteristics as following environmental products, that is, using advanced technology and production processes, the use of renewable resources and energy, the prevention of pollution, safe to public health, and environmental protection, as well as requirements of the whole life-cycle of the products.

Differences between Energy Saving Products and Environmental Labeling Products
- Energy saving products refers to those products with efficiency or energy consumption standard of efficiency or energy consumption indicator equal to internally advanced standard or reach national standard or international advanced standard similar or close to the international advanced standard. Those products with efficiency or energy consumption standard, which is lower than those products with efficiency or energy consumption indicator equal to internally advanced standard or reach national standard or international advanced standard, are those products with efficiency or energy consumption standard not up to the internationally advanced level.

Current Situation of Green Public Procurement and Analysis of the Barriers
- Barriers of Green Public Procurement of copying machine and green lighting equipment
  1. Scoring barrier
  2. Insufficient amount of enterprises in the Inventory
  3. Weak environmental awareness

1. Scoring barrier
   - It is hard for government procurement center to decide the environmental labeling of goods in government procurement.

2. Insufficient amount of enterprises in the Inventory
   - Only 5 brands of 6 enterprises obtaining environmental labeling product certification and energy saving product certification are in the Inventory.

3. Weak environmental awareness
   - Some government procurement people may pay more attention to good price and high quality of product in the procurement.
Information about government procurement of green and non-green copying machine and lighting equipment

Pie Chart of Chinese government procurement in the year of 2006

<table>
<thead>
<tr>
<th>Product</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air conditioner</td>
<td>¥1.05</td>
</tr>
<tr>
<td>Printer</td>
<td>¥4.65</td>
</tr>
<tr>
<td>Computer</td>
<td>¥61.36</td>
</tr>
</tbody>
</table>

Government procurement list

Data resource: National Statistics Analysis of Government Procurement Information in 2006 issued by Ministry of Finance, China

Contents

1. Chinese Government Procurement
2. Green Public Procurement in China
3. Current Situation of Green Public Procurement of Copying Machines and Green Lighting Equipment and Obstacle Analysis
4. Obstacles for Green Public Procurement in China and Policy Recommendations

Obstacles for Green Public Procurement in China

GPP in China has the following main problems:
- Relevant policies are not complete
- The categories of green products are not enough
- The management of Green Public procurement is multiple
- Lack of training for relevant people
- Lack of operation rule of Green Public Procurement
- Lack of green products in market
- Lack access to information about green procurement
- Monitoring and assessment are weak

Countermeasures for Green Public Procurement in China

- Laws and regulations should be promulgated to advance government green procurement development.
- Objects, mechanism and supporting measures of the policies should be proclaimed.

Chinese government needs training from other countries and international organizations in order to improve Chinese government ability of formulating policies for green public procurement.
Countermeasures for Green Public Procurement in China

The government procurement staff should be given training involving government procurement process and business process for Green Public Procurement, relevant laws, regulations and Measures on Procurement of Green Products as well as environmental protection knowledge.

The Chinese Government needs to enhance the communication with international countries and organizations to learn from the successful experience on Integrated Product Policy of them, and gain the relative competence support to promote the development of markets and consumption of green products. Within such areas as taxation, government procurement staff in China will be used to train for relevant people, guide procurement activities, and organizations to learn from the international counties and organizations on drafting and issue specific operation documents, training the government procurement staff in China in order to strengthen their understanding about relevant laws & regulations and green procurement.

The Chinese Government urgently needs the help from other international organizations in terms of development, operation and maintenance of the website.

A wide information platform should be established and concentrated to strengthen the communications among producers, buyers and consumers as well as share the information about procurement among governments and countries. The development of markets and consumption of green products, environmental responsibility, environmental label, Green Public Procurement of Green Products as well as environmental protection knowledge.

The Chinese Government urgently needs the help from other international organizations in order to strengthen their understanding about relevant laws & regulations and green procurement.
Thank You!
Sustainable public procurement in France

Farid Yaker, Expert, sustainable development
farid.yaker@gmail.com

Overview

- Public procurement: some figures
- Institutional framework
- Legal framework
- Standards and labels
- Exemples of progress

Public procurement in France

- In 2006, 180,000 contracts for a total of 60 billion euros (approximately 15% of GDP)
- The local governments are the first public purchasers with 54% of the volume purchased and 88% of the number of contracts
- SMEs are awarded 64% of the total number of contracts

Institutional framework

- Decentralized procurement.
- 50,000 awarding authorities. 200,000 public procurers.
- Local governments have independent procurement.

Legal framework to support SPP

- In recent years France has adopted various measures and initiatives to support sustainable public procurement (SPP)
- The Procurement law has been revised on the basis of EU directives and on the basis of a new article in the French constitution which requires all public policies to promote sustainable development (article 6)

Legal framework

- Article 5, Procurement law (2006)
  "The nature and the needs to satisfy should be determined with precision before any tenders by taking into consideration sustainable development".
- Article 14, Procurement law (2006)
  "Elements of social or environmental nature can be included in the execution of procurement contracts".
Inclusion of SPP concerns in the sustainable development strategy

- November 2006: revision of the National strategy for sustainable development and decision to elaborate a National Plan of Action to promote SPP (EU push)
- NPA has been approved by the government on March 2007 (3 years)

General objectives of the NPA

- Rationalise public spending by taking into account the global purchasing costs (capital and recurrent costs). How?
- Favour the emergence and the development of sustainable modes of design, production and consumption
- Promote the development of a knowledge-based economy, highly competitive and innovative by promoting eco-products and eco-technologies;
- Give the right example

Specific objectives of the NPA

| New buildings: 50% of High environmental quality by 2009 |
| Renovation: improvements in energy efficiency up to the requirements for new buildings (thermic regulation 2005) |
| Purchase of green electricity (21% of the purchased electricity in 2010). |

Specific objectives of the NPA

- Wood and wood-based products
  To increase significantly the share of timber coming from sustainably managed forests with the prospect of bringing this share to 100% by 2010.
- Vehicles: acquire 96% of vehicles emitting less than 140 grams of CO2 per km
- Equipments
  Integrating, by 2009, a clause that indicates the average life of products supplied and means of recycling at the end of life

Specific objectives of the NPA

- Electrical and electronic appliances
  Requirements for energy efficiency at least equivalent to those of Energy Star requirements
  Avoid acquire printers and photocopiers with no function of both sides printing and enhance devices whose consumption in standby is <1 W.
- Copying paper: EU ecolabel requirement
- Foodstuffs: introduce, by 2008, 15% of food from organic farming in the menus and catering services and 20% by 2010.

Specific objectives of the NPA

- Elimination of halogen lamps
- Performance requirements for heating, lifts, windows, lighting, etc.
Other actions

- Communicate to the public, the commitments made under the NAP and the annual results.
- Include the issue of sustainable public procurement in all strategy documents of the awarding authorities.
- Develop specific trainings in SPP, in particular, training by 2009 of the 500 public purchasers the most strategic in terms of purchasing volume and environmental and social impacts.
- Organize recurrent events to promote the exchange of experiences and to identify the difficulties of implementing sustainable public procurement.

Other actions

- Increase the number of products and services eco-labelled.
- Conduct a study to identify the main economic issues of public procurement (key public buyers, main sectors of purchase, relative weights of works, supplies and services, dynamic effects, etc.).
- Edit a catalogue specific to eco-labelled products and products allowing dual benefits (environmental and economic).
- Edit a guide to foster the dialogue between public procurers and suppliers.

Other actions

- Develop a specific plan of action concerning socially responsible public procurement to encourage the insertion of social clauses in the procurement contracts.
- Develop a manual and an internet web site to help public procurers take into account social aspects.
- Produce a regulation to encourage the use of products from organic farming in public catering services.

Actions taken:

- Regulations on industry-specific purchases (wood, energy) have been produced.
- Pilot centralized procurement schemes have been established.
- Manuals to help public procurers have been published.
- Training modules have been designed.
- Networks of procurers have been created.
- Events are being held regularly.

Standards and labels

The two most common ecitltabes used in France are the French environment label and the European ecitltabel, “the flower”. They cover over 40 categories of products (with different eligible scopes, except for paintings). Ecolabelled products still have marginal market shares. But rapid growth. The NSustainable development wishes to double the number of categories of ecolabelled products by 2009.

Strengths

- Legal framework in place.
- Good training infrastructure and skills.
- Supporting tools (manuals, etc.).
- Reactive market (skilled SMEs, large enterprises, importers).
- Standardization system.
- Awareness among awarding authorities.
- Enabling European environment.
Difficulties

- Large number of awarding authorities
- Know how (especially on social issues) – procedures not yet mature
- Number of ecologically labelled products
- Supporting tools can be improved (catalogues, websites, etc.)
- Insufficient participation in international networks
- Weak monitoring and evaluation – lack of indicators

Exemples of progress: fleet of vehicles

- The Prime Minister’s circular adopted in September 2005 requires state departments to buy vehicles which release no more than 140 g of CO2/km.
- When the entire fleet of the State will meet this requirement, CO2 emissions will have been reduced by at least 20% (savings of 60 000 tonnes of CO2, 20 000 tons of fuel consumption and € 45 million / year).

Public lighting in the city of Lille

- 22 500 bright spots for average expenditure amounting to 210 € per bright spot.
- The city has wanted to reduce energy consumption, use of renewable energies, and remove the light pollution while maintaining a quality of service equivalent.
- It signed a contract for a period of 8 years to replace obsolete equipment with high performance, energy-efficient and recyclable equipment, eliminate light pollution due to streetlights-balls.
- The contract has resulted in an increase of the capital expenditures by 29.9% to 59.4%, almost doubling.

Public lighting in the city of Lille

- However, the shares of energy consumption and maintenance diminished.
- At the end of the contract, energy expenditure will be reduced by 42%.
- In total, savings on the operation more than offset the additional costs due to equipment, the average spending per bright point is now amounting to 200 € per bright spot.

Example of works contracts of the city of Dijon

- Since 2004, any company that enters into a contract with the community must commit to employ disadvantaged persons for a proportion higher than 10% of the working time of the construction.
- Companies that do not respect this commitment are dismissed.
- From 2004 to June 2006, the measure has represented more than 48 000 hours of work on 60 contracts and has allowed 44 people in difficulty to find work.

Ecolabelled paintings for road signs in aqueous phase

- A French SME has invested in R & D for ten years before they can develop and obtain, in 2002, the NF ecocert for a painting of road signs on the basis of a technology that replaces the traditional petroleum solvents by aqueous phases.
- The purchase price per kilogram is higher than a comparable traditional product, but if one includes the usage cost (including the elimination of waste), the overall cost of the ecologically labelled product is 0.20 € / kg lower.
- This advantage is enhanced by savings with respect to the health of workers implementing the product which is much safer than the previously used.
Detergents 100% natural and biodegradable

- In 1994, a French SME was created to develop detergents 100% natural and biodegradable, only based on plants, in the categories of "liquid dishwashing hands" and "multi-purpose cleaners" for the professional market.
- In the market for detergents where many products are displayed as "green", the company has been awarded an eco-label in 2002 which is the only reference guaranteeing both the qualities of use and the environmental qualities of the detergents.
- Its approach has enabled the group to develop a niche, facing the major groups of chemicals, with a production which has increased fivefold since 2002 and growing sales in Europe (Belgium, Spain, Italy, Scandinavia).

THANK YOU FOR YOUR ATTENTION!

Gracias!
The national strategy on sustainable public procurement in the UK

Barbara Morton
Sustainable Procurement Advisor
Sustainable Procurement Ltd
and
Defra, Procurement and Contracts Division

Outline

• Background
• Sustainable Procurement Task Force
• UK Sustainable Procurement Action Plan
  – Targets
  – Building blocks
  – New structures
  – Progress to date

International Conference on Sustainable Consumption Beijing 10 – 12 June 2008 Barbara Morton Sustainable Procurement Ltd

Sustainable Procurement Task Force

• Government appointed May 2005
  – Defra and HM Treasury
• Business-led
  – Chaired by Sir Neville Simms (International Power plc)
  – 33 members from diverse sectors
  – BAA, BT, HP, Royal Mail, Skanska, Tarmac, Vodafone
  – Major spend departments, local government, NGOs
  – Devolved administrations as observers (Scotland, Wales and Northern Ireland)

International Conference on Sustainable Consumption Beijing 10 – 12 June 2008 Barbara Morton Sustainable Procurement Ltd

The challenge - to purchasers

Launched 12 June 2006
Covers whole of public sector
£150 billion per annum
(US $300 billion approximately)

International Conference on Sustainable Consumption Beijing 10 – 12 June 2008 Barbara Morton Sustainable Procurement Ltd

Definition of Sustainable Procurement

• “Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment”.

Footnote:
Sustainable Procurement should consider the environmental, social and economic consequences of:
Design; non-renewable material use; manufacture and production methods; logistics; service delivery; use; operation; maintenance; reuse; recycling options; disposal; and suppliers’ capabilities to address these consequences throughout the supply chain.

Procuring the Future, June 2006

International Conference on Sustainable Consumption Beijing 10 – 12 June 2008 Barbara Morton Sustainable Procurement Ltd
UK Sustainable Procurement Action Plan

- Launched March 2007
- Clear priorities:
  - Climate change mitigation
  - Carbon neutral by 2012
  - Natural resource protection
  - Biodiversity
  - Illegal logging and sustainable timber
  - Consult on need for ‘centre of sustainable procurement excellence’
  - Health sector and local government strategies too
  - Scotland, Wales and Northern Ireland also active

Sustainable Operations Targets

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon</td>
<td></td>
</tr>
</tbody>
</table>
  - Government office estate carbon neutral by 2012.  
  - Carbon emissions down 12.5% by 2010 (30% by 2020).  
  - Carbon emissions from vehicles down 15% by 2010/11. |
| Waste    |  
  - Waste arisings down 5% by 2010 (30% by 2020).  
  - Waste recycled up 40% by 2010 (75% by 2020). |
| Energy   |  
  - Energy efficiency up 15% by 2010 (30% by 2020).  
  - 10% of electricity from renewables by 31 March 2008.  
  - 15% of electricity from CHP by 2010. |
| Water    |  
  - Water consumption down 25% by 2020. |

Delivering sustainability through procurement

- 2 Building Blocks of SPTF
- Flexible Framework
- Prioritisation Methodology
  - Risk-based
  - Helps focus resources
  - Integrating sustainability throughout the procurement process

Flexible Framework

- People
- Policy, strategy and communications
- Procurement process
- Engaging suppliers
- Measurement and results
- Defra – to be operating at Level 5 by Autumn 2008

Prioritisation Methodology

- Risk-based approach
  - Expenditure
  - Environmental impact
  - Socio-economic impact
  - Existing activity
  - Scope to do more
  - Influence on the market
  - Reputational risk
Priorities

- Construction
- Health and Social Work
- Food
- Uniforms, clothing and other textiles
- Waste
- Pulp, paper and printing
- Energy
- Consumables – office machinery and computers
- Furniture
- Transport

Progress to date

- Centre of Expertise on Sustainable Procurement
  - Announced March 2008
  - Office of Government Commerce
  - Chief Sustainability Officer
- Training for other government departments sponsored by Defra during early 2008 – leading by example

Thank you for your attention

Barbara Morton
Sustainable Procurement Advisor
barbm110@aol.com
Tel: 07766 023560
Main features of the EU Public Procurement framework

- Market size: PP represents a sizeable portion of the EU economy (16% GDP)
- Legal framework: has been harmonized to avoid major distortions of the Internal market through EU Directives (2004)
- Main principles: Transparency and non-discrimination / equal treatment
- International dimension: GPA membership

Potential benefits of Greening PP

- PP can shape a country’s economy towards greener production and consumption patterns.
- Provides incentives for companies to develop environmentally friendly technologies
- Save money as cost-effective GPP is possible (need to look at the life cycle as a whole)

Why action at EU level is necessary?

- Avoid market distortions caused by diverging national GPP criteria
- Ensure/increase EU wide competition
- Reduce administrative burden of:
  - Member States to implement GPP
  - Purchasers to identify GPP criteria
  - Companies to reply to green tenders

Obstacles to Green PP

- Limited number of GPP criteria
- Insufficient information/awareness
- Lack of political support
- Lack of exchange of best practice

EC Communication under preparation: Objectives

- Provide guidance on how to reduce the environmental impact caused by public sector consumption and
- To use GPP to stimulate innovation in environmental technologies, products and services
Common approach to GPP

GPP can be understood as: "...a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured."

Definition of GPP

Calls for clear objective GPP criteria:

- The meeting of these criteria is a mandatory requirement for bidders OR
- Goods meeting the criteria would benefit from a significant weighting for environmental performance (typically 15% or more of the award criteria)

Priority products and services

1. Construction (products, buildings, works)
2. Food and catering services
3. Transport and transport services
4. Energy
5. Office machinery and computers
6. Clothing, uniforms and other textiles
7. Paper and printing services
8. Furniture
9. Cleaning products and services
10. Medical and laboratory services

Target for GPP

- The EU target for 2010
  => average level of GPP should be at current (=2006) level of best performing states

Targets - monitoring

- EC is developing a methodology for calculating these indicators – based on analysis of a representative sample of tendering procedures (results expected end 2008)

More about EU GPP in the following website:

http://europa.eu.int/comm/environment/gpp/

XIE XIE!!!
Japan’s approach by public sector

Green Purchasing Law and Green Contract Law

Presentation by Keitaro Tsuji (辻 景太郎)
Ministry of the Environment, Japan

1. The Green Purchasing Law

(Law Concerning the Promotion of Eco-Friendly Goods and Services by the State and Other Entities)

(1) Purposes of the Green Purchasing Law

Purposes

- Goods and Services that contribute to reducing Environmental Loads (Eco-Friendly Goods and Services)
- Promoting Greener Purchasing by Public Organizations
- Providing Information on Eco-Friendly Goods and Services

Establishment of an Environmentally Friendly and Sustainable Society

(2) Mechanism of the Green Purchasing Law

Promotion of Green Purchasing by Ministries and other Public Agencies

Ministries and Agencies

Ministries and agencies should not increase or adjust their total procurement amount for the reason of implementing this law.

Article 8

Basic Policy

Basic Policy is revised every year in the following procedures.

1. Public offering proposal
2. Investigative commission by academic experts
3. Public comment
4. Cabinet decision

- Designated Procurement Items are defined by environmental specs.
  (It isn't appoint individual products)


(3) Quantity of Eco-Friendly Products Disseminated in the Market

This graph shows the market-share of Designated procurement items of 2000 and 2006.

This area is that market share disseminate from 2000. All 10 items that we check disseminate share from 2000.

(4) Results from the Government’s effort to reduce CO2 emissions under the Green Purchasing Law (trial calculation)

Comparison of CO2 Emission between 2000 (before Green Purchasing Law) and 2006

<table>
<thead>
<tr>
<th>Category/Item</th>
<th>Previous CO2 Emission Source</th>
<th>Amount Prevented (Total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dust blowers</td>
<td>Change HFC134a for HFC152a</td>
<td>14,951</td>
</tr>
<tr>
<td>Fax Machines</td>
<td>Electricity Usage</td>
<td>1,826</td>
</tr>
<tr>
<td>Home Electronic Appliances</td>
<td>Electricity Usage</td>
<td>3,370</td>
</tr>
<tr>
<td>Air Conditioners</td>
<td>Electricity Usage</td>
<td>1,707</td>
</tr>
<tr>
<td>High-frequency Inverter Lighting appliance</td>
<td>Electricity Usage</td>
<td>15,827</td>
</tr>
<tr>
<td>High-pressure Sodium Quasiparabolic Lamps</td>
<td>Electricity Usage</td>
<td>10,828</td>
</tr>
<tr>
<td>Cars</td>
<td>Gasoline combustion</td>
<td>8,563</td>
</tr>
<tr>
<td>Solar Power Generation System</td>
<td>Electricity usage</td>
<td>4,297</td>
</tr>
<tr>
<td>Transformer</td>
<td>Usage</td>
<td>19,499</td>
</tr>
<tr>
<td>Greening of Rooftops</td>
<td>Usage</td>
<td>4,727</td>
</tr>
</tbody>
</table>

Total 24,753 89,588
2. The Green Contract Law

(the Law concerning the promotion of Contracts Considering Reduction of Greenhouse Gases and others Emissions by the State and Other Entities)

<table>
<thead>
<tr>
<th>Comparison between Green Purchasing Law and Green Contract Law</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category</strong></td>
</tr>
<tr>
<td>Purpose</td>
</tr>
<tr>
<td>Target</td>
</tr>
<tr>
<td>Products &amp; Services</td>
</tr>
<tr>
<td>Evaluations</td>
</tr>
</tbody>
</table>

Outline of the Basic Policy

Electric Power

To expand "the bottom-cut method" under which power companies interested in bidding are evaluated for qualification in terms of the CO₂ emission factor for electricity and approach taken toward the reduction of environmental loads.

Automobiles

To systematize the procedure for awarding contracts through comprehensive evaluation of bids in terms of environmental performance (fuel efficiency) as well as bidding price.

ESCO

To develop an appropriate mechanism to implement ESCO projects in line with the extended financial obligation of the State by law, and to clarify that equipment replacement is also within the scope of ESCO, thereby promoting the effective use of ESCO.

Building

Focusing on the design stage that has the largest impact on environmental performance to include eco-friendly technology on the list of criteria for evaluating designers’ competence.

Example of “the bottom-cut method” in bidding for power supply

<table>
<thead>
<tr>
<th>Factor</th>
<th>Grille</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emission factor per kwh for the previous FY (unit: kg/HMW)</td>
<td>CO₂ emission factor per kwh for the previous FY (unit: kg/HMW)</td>
<td>1.500 or higher, but less than 1.775</td>
</tr>
<tr>
<td>0.725 or higher, but less than 0.800</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>0.500 or higher, but less than 0.550</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>0.375 or higher, but less than 0.400</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>0.250 or higher, but less than 0.275</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>0.225 or higher, but less than 0.250</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>0.190 or higher, but less than 0.210</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>0.170 or higher, but less than 0.180</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>0.150 or higher, but less than 0.160</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>0.130 or higher, but less than 0.140</td>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>

- Power companies scoring 70 points or higher are qualifying for bidding.
(2) Contract of the purchase of automobiles

Two-phase green approach in accordance with the two laws for green procurement

(1) “Bottom-cut” under the Green Purchasing Law
For the 2,000 cc category, automobiles with fuel efficiency exceeding about 12 km/l quality for bidding

(2) “Comprehensive Evaluation Bidding” procedure in accordance with the Green Contract Law
To purchase the best eco-performing car, by comprehensively evaluating candidates in terms of price and fuel efficiency

Case
Two models, A, and B, are put in bidding
Model A: fuel efficiency=30 km/l, bidding price=2,600,000 yen
Model B: fuel efficiency=13 km/l, bidding price=2,000,000 yen
→ Model A earns a higher rating through comprehensive evaluation in terms of price and fuel efficiency, so the award goes to Model A.

(4) Contract of the building designs

This case has reduced lifelong emissions of CO2 by 30%

Design makes a big difference

(3) Contract related to ESCO project

ESCO project refers to project where energy saving is enhanced through equipment improvements, etc. and savings in utility expenses are in turn funded to cover the ESCO project expenditure.

(4) Contract of the building designs

ESCO project refers to project where energy saving is enhanced through equipment improvements, etc. and savings in utility expenses are in turn funded to cover the ESCO project expenditure.

Thank you for your attention!

Environment and Economy Division, Environmental Policy Bureau
Ministry of the Environment, JAPAN
Keitaro Tsuji (辻景 太郎)
e-mail keitaro2_tsuji@env.go.jp