


Korea's Green Purchasing Policy

October 21, 2009



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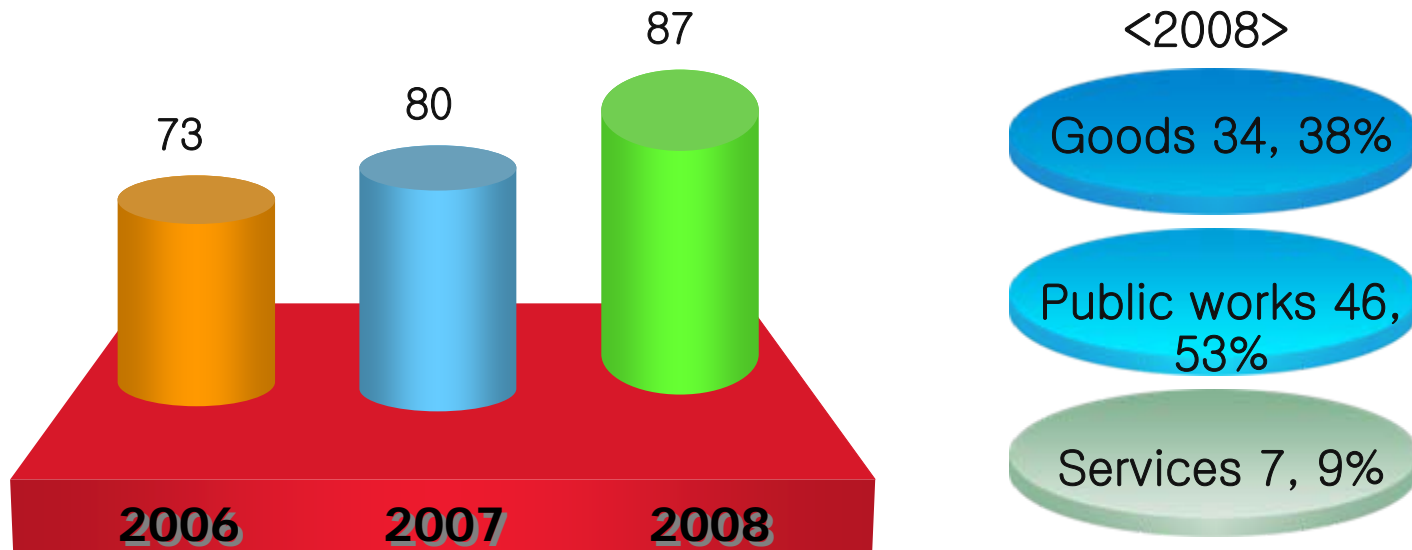
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- I. **Today's Public Procurement**
 - II. **Public Procurement Green Purchasing**
 - III. **Green Product Purchase Case**
 - IV. **Future Direction of Green Product Purchasing**

1. Current Public Procurement Condition

Public procurement users

- Central government departments & agencies: mandatory
- Local government authorities, other public bodies: optional

Size of Public procurement (USD billion)



II. Public Procurement Green Purchase

Public procurement green purchasing policy

- **Mandatory purchasing policy**
 - Environmentally-friendly products (Eco-Label and GR Mark products)
 - Energy Mark appliances
 - 1st Grade Energy Consumption Efficiency products
 - Energy-saving Mark products
- Investment on new renewable energy installation: bigger than 3,000 m², More than 5% of total construction cost
- **Preferred purchasing policy**
 - Products with less than 1W standby power



Eco Label products: 137 items, GR Mark products: 245 items
Energy Mark products: 41 items, Energy-saving Mark products: 21 items

Public procurement green purchasing

● Eco-Products Preferred Purchasing Policy

- When unit price contracting for Eco-Label or GR Mark products, eligibility test is exempt
- During the 2nd stage of unit price contracting, preferential evaluation is given to enterprises of eco-friendly products
- When selecting PPS's Excellent Quality Products, preference is given[in regard to the level of qualifying points]
- 10% discount on procurement fee when purchasing Energy mark appliances

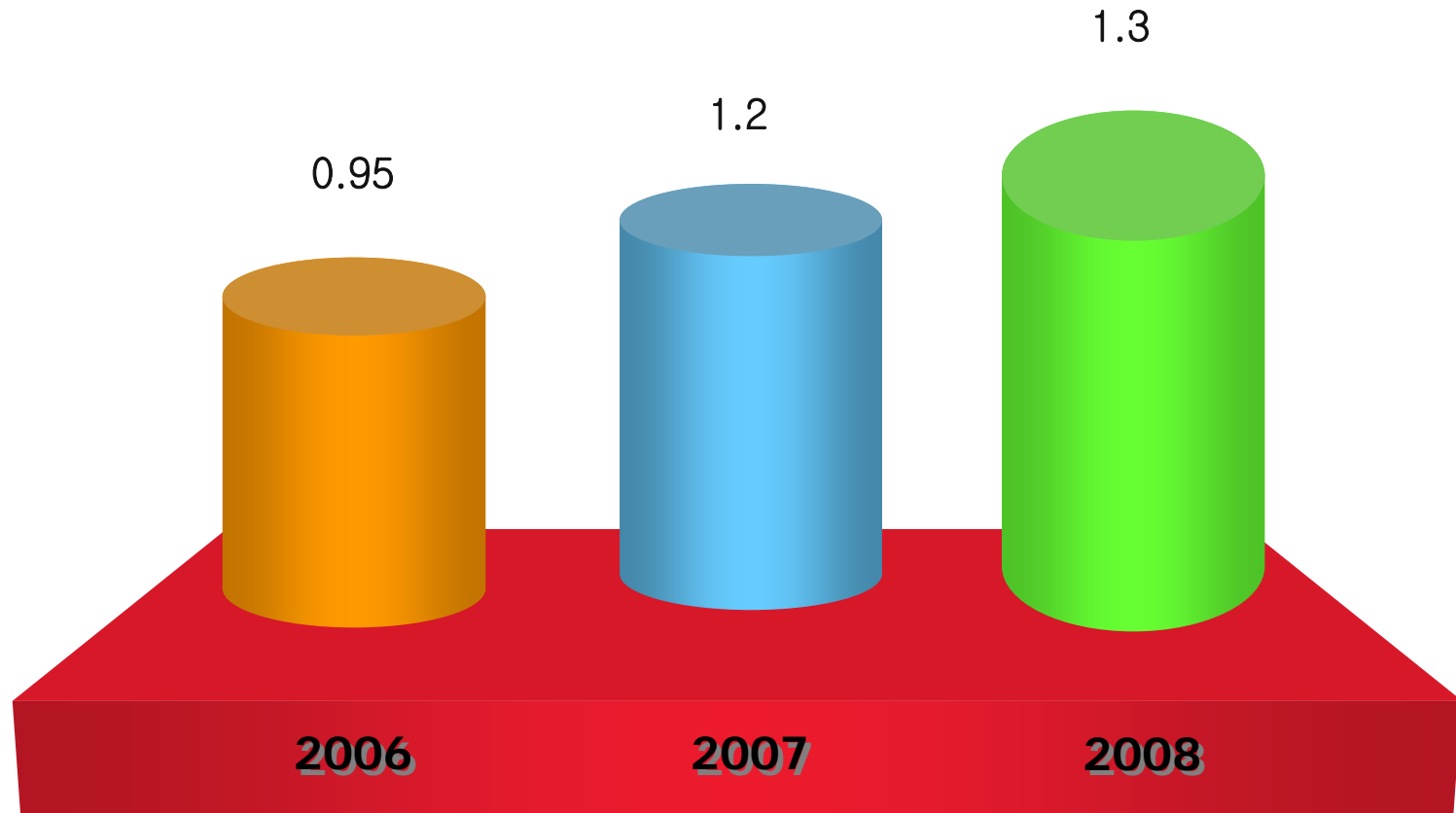
● Operating eco-products shopping mall

- Installed in KONEPS (Korea ON-line E-Procurement System)
- Eco-label, Energy Mark appliances, GR, and Energy-saving mark products are on display
- Allows a convenient search within individual commodity group



II. Public Procurement Green Purchasing

Current Status of Green Purchasing (USD billion)



III. Green Purchasing Case Example

LED

- **Background**
 - Creating an initial market for LED in the public sector
 - Develop LED industry as a new growth engine
- **Implementing process**
 - Developed for a unit price contract item: '08. 10
 - Becoming the contract item: '08. 11
 - Supply commenced: '08. 12
 - * 268 items from 32 manufacturers supplied (USD 11.3 million, '09.9)
- **Introduced first by the public sector**
 - Incandescent light bulb → LED light bulb (2009)
 - 30% of lightings → LED products (2012)





LED Lighting Comparison

Incandescent Light Bulb

Item	Past				LED			
Picture								
Comparison (60W)	Power Consumption (W)	Life Span (h)	Price (USD 0.001)	Remarks	Power consumption (W)	Life Span (h)	Price (USD 0.01)	Remarks
	60	1,000	0.85	–	10	50,000	5.1~7.6	84% reduction



* 2008.4.2 Used items are certified energy-efficient electrical and electronic appliances (currently on PPS's unit price contracts)

Traffic lights

Category	Past				LED lighting			
Picture								
Comparison (Small size)	Power consumption (W)	Life span (h)	Price (USD)	Remarks	Power consumption (W)	Life span (h)	Price (USD)	Remarks
	400	3,000	171~342	-	38	50,000	342~513	90% reduction

* 2008.4.2 Used items are certified energy-efficient electrical and electronic appliances

Emergency lighting

Category	Past				LED lighting			
Picture								
Comparison (Small size)	Power consumption (W)	Life span (h)	Price (USD)	Remarks	Power consumption (W)	Life span (h)	Price (USD)	Remarks
	6	6,000	34~42	-	2.6	50,000	42~60	57% reduction

* 2008.4.2 Used items are certified energy-efficient electrical and electronic appliances

IV. Future Direction of Green Product Purchasing

Mandatory Minimal Purchase of Eco-Products

● Overview

- In respect of some products frequently used by public organizations, Minimal Eco-Restrictions to be applied

● Product type and criteria to be set

- Selection of products

Products frequently used by public organizations, consideration on their market implications to be paid

- Minimal Eco-Restrictions to be applied to the selection

Submission of the Eco-Restrictions proposals → Expert review → Survey of stakeholders' opinions → Establishment of Minimal Eco-Restriction



* Selected by 'Minimal Eco-Restriction Product Selection Committee'

IV. Future Direction of Green Product Purchasing

Mandatory Minimal Purchase of Eco-Products

- **Implementing Minimal Eco-Restrictions**

- Provide public organizations information on Minimal Eco-Restrictions and application criteria and encourage Compliance

- **Encouraging purchasing decisions on products subject to Minimal Eco-Restrictions**

- Provide statistical data on public organizations using Products subject to Minimal Eco – Restrictions

- > Encourage purchasing decisions on eco-products

- Provide guidelines on green purchase



Leading Green market → **Stimulate public & private markets**

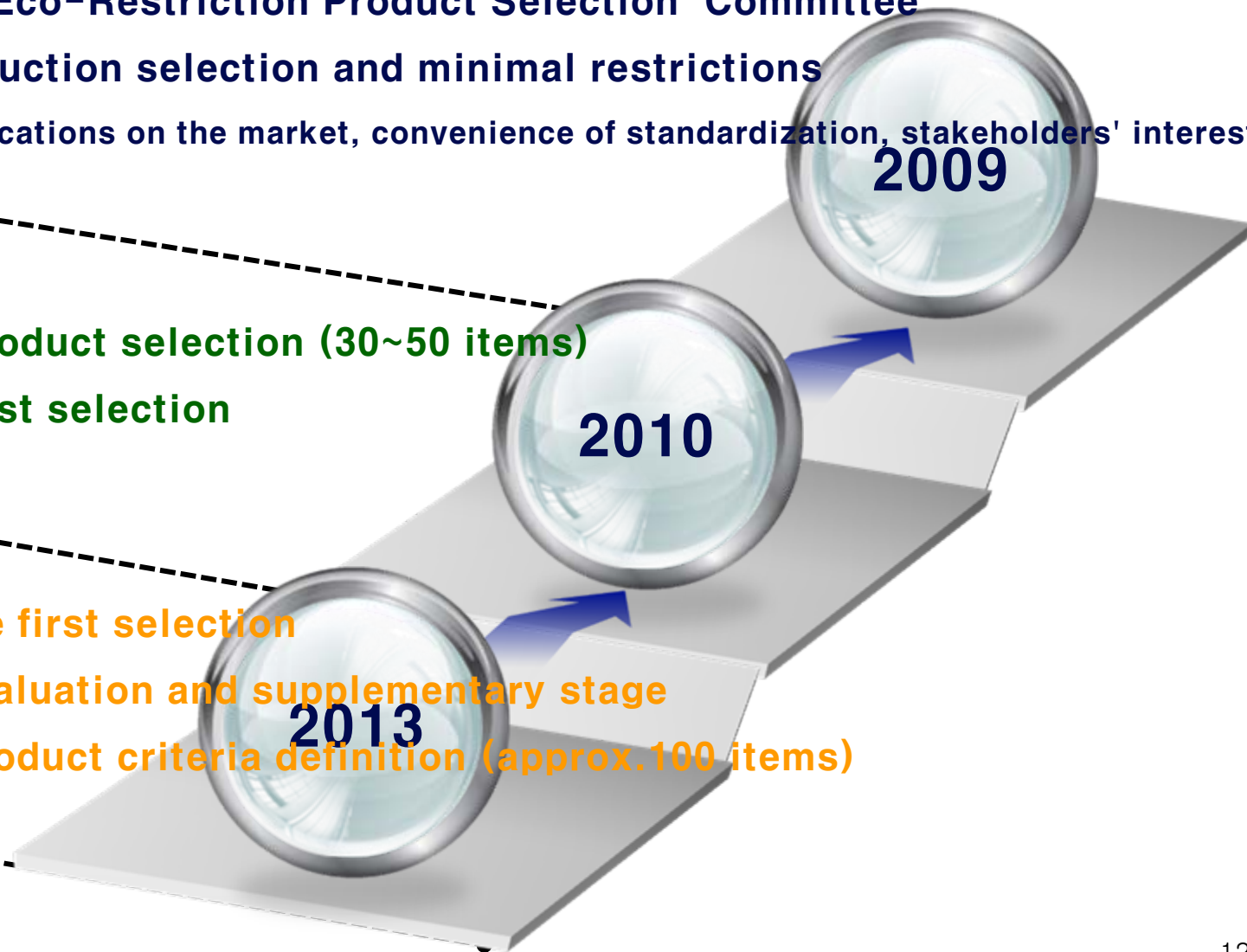
- * Effective as a recommendation until detailed mandatory regulations are established

IV. Future Direction of Green Product Purchasing

- Form Minimal Eco-Restriction Product Selection Committee
- Complete production selection and minimal restrictions
(Considering implications on the market, convenience of standardization, stakeholders' interest)

- 1st stage of product selection (30~50 items)
- Trial on the first selection

- Addition to the first selection
- Implication evaluation and supplementary stage
- 2nd stage of Product criteria definition (approx.100 items)



THANK YOU



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Procurement
Service