

“Strengthening the capacities and improving the knowledge on green public procurement and ecolabelling in the ASEAN+3 region”

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**CHINA GREEN PUBLIC PROCUREMENT
CASE STUDY**

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1. CONTEXT OF THE CASE STUDY

On October 24th, 2006, the Ministry of Finance (MOF), and the State Environmental Protection Administration, which is now the Ministry of Environmental Protection (MEP), jointly issued the *Recommendations on the Implementation of Environmental Labeling Products in Government Procurement* and the first *Government procurement List for Environmental Labeling Products (List)* which included 14 products categories. This action demonstrated that environmental standards were considered for China's government procurement progress. The two above documents defined ranges of government procurement, products categories, operation process and specific regulations, which provide important policy support on carrying out Government procurement on Environmental Labeling Products, which represents that Chinese Governmental Green Procurement (GGP) was officially launched.

The Government procurement List for Environmental Labeling Products (List) is jointly managed by MOF and MEP. All the products on the List gained the environmental labeling, which was certified by authoritative certification bodies, meanwhile, taking other factors into consideration, such as environmental performance, technology levels and market. The List was finally published through certain media channels.

Chinese GGP relevant documents demand that all levels of state organs, institutions and organizations should give priority to purchasing Environmental Labeling products when using financial allocation and all the products harmful to the environment and human health are not allowed to be purchased. Meanwhile, products on the List with same performance, technology, service, and less environmental impacts should be preferentially adopted rather than those traditional products. If any purchasing agencies do not meet the above requirement, they may be published by responsible departments in accordance with relevant laws, rules and regulations, while the financial sectors can refuse to pay. This requirement were taken into effect on January 1st, 2007 in the Budget Departments on central and provincial level, and then implemented around the state.

2. OBJECTIVES OF THE PROJECT

- To actively promote constructing environment-friendly society through carrying out environmental labeling products in government procurement mechanism

- To give play to the function of environmental protection policies of government procurement to improve environmental quality.

3. IMPLEMENTATION OF THE PROJECT

During these seven years after the implantation of Chinese GPP program, a total of 11 *Government procurement Lists for Environmental Labeling Products (List)* has been issued. Product categories of the List covering expanded from 14 to 66; the members of participating company grew up from 81 to 426 and models of products increased from 800 to 37,953.

Below are some examples of product categories of the List: Computer equipment and software , printer, Display device, Duplicator, MFP, Passenger cars (sedans), Bus, Household appliances, Fax and data digital communications equipment, Television equipment, Furniture, Copy paper (including recycled copy paper), Cartridge (including renewable cartridge), Wood-based panels, Secondary processing material, sheet, Cement concrete products, Fiber-reinforced cement products, Lightweight construction materials and 3 products, Building ceramics, The building waterproofing roll material and products, Heat insulation, sound man-made mineral material and its products, Functional Architectural Coatings, Wall coating, Waterproof coating, Other architectural coatings, Doors, the threshold, Window, Coating (exclude architectural coatings), Sealing fillers and the products of the same function, Plastic products.

4. IMPACT AND MONITORING

The financial budgets and expenses on GPP have been increasing each year. Statistics from MOF shows that in 2009, the expenses of government procurement of products with Environmental Labeling reached 14.49 billion RMB, which accounted for 74% of competing products purchased by the government. Also the statistics update indicated that in 2011, the expenses of government procurement of products with Environmental Labeling reached 73.98 billion RMB, which accounted for 60% of competing products purchased by the government, and the products with Energy Efficiency Labeling reached to 91.06 billion RMB, which accounted for 82% of competing products purchased by the government.

Some central or local purchasing agencies in which purchasers with more and stronger environmental awareness usually do better GGP than the other purchasing agencies, which are willing to spend much money on environmental labeling products. China does not have a full-fledged monitoring system.

5. CHALLENGES AND RISKS:

Although the Chinese government is taking green procurement into great consideration, GPP implementation still lacks specific regulations to directly support it. There are certain legal bases such as *The Government Procurement Law of People's Republic of China*, *Cleaner Production Promotion Law of the People's Republic of China* and *Circular Economy Promotion Law of the People's Republic of China* and relevant policies such as *Decision on Implementing the Scientific Concept of Development and Stepping up Environmental Protection*, *Several Opinions of the State Council on Speeding up the Development of Circular Economy*, *Notice of the State Council on Printing and Distributing the Comprehensive Work Scheme of Energy Conservation and Reducing the Discharge of Pollutants*, *Decision on Speeding up the Cultivation and Development of Strategic Emerging Industries existed after few years' development*, have already existed and all the above advocate the consumption concept for resource conservation and environment protection, encourage purchasing and using products with Environmental Labeling, products with Energy Efficiency Labeling, products with water conservation certification, and products with green food, however, they were not effective enough to promote the implementation of China GPP. China GPP is still short of powerful legal bases such as specific legislation to consolidate and develop it.

On the other hand, it is necessary to enhance environmental awareness of procurement agencies and purchasers' professionalism, evidence shows that purchasing agencies with more and stronger environmental awareness usually do better GPP than the others short of environmental awareness, whether in green products participants and achievement;

Secondly, the lack of monitoring and evaluation mechanisms is also an important barrier to sustainability and effectiveness of GPP.

Finally, the main obstacles to building up the monitoring and evaluation mechanisms for GPP is the current government procurement management system and difficulty of getting purchasing data which is caused by decentralized government management of GPP.

As the world's largest developing country, China government's financial expenses increase every year, and plays a leverage role for environment, resources and economic development. Therefore, it is significant for China to implement GPP. As an innovation in environmental protection, the implementation of GPP plays an important role in building resource-conserving and environment-friendly society and passionately advocated by enterprises producing green goods. Meanwhile, GPP

was first written into China 12th Five-year Plan on National Economic and Social Development which is the framework document for medium- and long-term planning of China economic and social development. This will further promote development of the Chinese government green procurement

6. KEY LESSONS LEARNED FOR SUCCESSFUL IMPLEMENTATION

- Environmental Labeling is an effective tool for carrying out GPP;
- Relevant laws and regulations provide basic support for GPP;
- Establishment, implementation and monitoring of relevant system will support and ensure the development of GPP;
- Products List is an effective measure for implementing GPP;
- Environmental awareness raising of purchasers is main drive force for development of GPP

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