Green Purchasing
– Its Role, Effect, and Information for Selecting Environmentally Friendly Products and Services

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Structure of the Presentation

• Green purchasing policies of public organizations
• Effect of green purchasing
• Information for selecting environmentally friendly products and services

Green Purchasing Policies of Public Organizations

Purchasing Power of Public Organizations

• Europe:
  – Public purchasing: 1 trillion EURO/year
  – Over 14% of GDP
• US:
  – Federal government spends $500 billion/year
  – State/local governments spends $400 billion/year
• Japan:
  – National government spending: ¥14 trillion/year
  – Local governments spending: ¥44 trillion/year
  – Totally 17.6% of GDP
• UN: $3 billion/year–value of business opportunities linked to UN direct/indirect spending: $30 billion

Purposes – Why is it important?

• Leveraging own purchasing powers on the marketplace to stimulate businesses to develop greener products and technologies
• Greening governments to reduce environmental impact through their operations
• Setting good examples for other organizations, consumers

Then contribute towards sustainable patterns consumption and production.

Japanese Government Approach

– Enacted as one of six laws for establishing a recycling-based society
– Oblige all the national ministries/agencies to draw up green procurement policy annually, to practice it, and to report the result to Environmental Minister.
– Oblige local authorities to endeavor to draw up annual policy and to practice it.

Key Points for organizations

Green Purchasing could:
• Save money considering life cycle costs
• Utilize existent professional purchasing systems without structural changes
• Send powerful messages to the marketplace as public authorities
• Improve public image

- Encourage all national administrations to buy greener products
Green Purchasing Policies of Public Organizations
US Federal Government Approach

- Single-issue approach
  - Buy Recycled program (recycled products)
  - Energy Star program (energy-efficient products)
  - Farm Bill (bio-based products)

- Comprehensive approach
  - Environmentally Preferable Purchasing (EPP) program
    - Comprehensive Guidance on EPP
    - Pilot projects
    - Database on environmental information
    - Examples by EPA

How to measure the effect?
- Reduction of Environmental Burdens
- Impact for marketplace
- Impact for suppliers

Potential/Performance

Effect of Green Purchasing
RELIEF Project by ICLEI

Project funded by EC to identify environmental relief potential of green purchasing in Europe

- Desktop Computer
  - Over 2.8 million units purchased by public authorities
  - 830,000 tonnes of CO₂-equiv. could be reduced.
    - 982,000 global person equivalents
- Electricity
  - 61,350,363 tonnes of CO₂-equiv. could be reduced.
    - One quarter of European Kyoto commitments
- Sanitary Devices
  - 190,407,539 l of water consumption could be reduced.

Effect of Green Purchasing
Market impact – Surveyed by MoE, Japan

Volume of domestic shipment and ratio of designated copying paper drastically increased after enforcement of Green Purchasing Law (FY2001)

- GPN Annual Suppliers Survey, Japan
  - 2001 Survey
    - 74% of 673 supplier companies responded “sales amounts of green products have increased in the past couple of years”.
    - 75% have increased green products brand.
  - 2002 Survey
    - 74% of 802 suppliers responded “customers’ interest in green products have increased.
  - 2003 Survey
    - 58% of 722 suppliers responded “sales amounts of green products have increased in the past year”.
    - Domestic market size of green products is roughly estimated as 50 trillion yen.
Information for Selecting Environmentally Friendly Products and Services

- Eco Label
- Single-issue Label
- Grading System
- Self-declaration Label
- Guidelines
- Products Database

Eco Label
- Based on Life Cycle Consideration
- Verified by third party
- Easily understandable
- But carries little concrete merit information

GPN Database

Product Environmental Performance Database
- More than 11,000 products registered
- About 600 companies participating
- 300,000 page views monthly

Currently Japanese language only

Product Categories
- Printing and Copying Paper
- Copiers, Printers, Facsimiles
- Personal Computers
- Stationary and Office Supplies
- Office Furniture
- Motor Vehicles
- Refrigerators
- Washing Machines
- Televisions
- Air Conditioners
- Tissue and Toilet Paper
- Lighting Equipment
- Uniforms and Work Wear

Users can get and compare environmental performance information for hundreds of registered brands.

Information format is consistent with relevant GPN Purchasing Guidelines

Example for "Copiers"

<table>
<thead>
<tr>
<th>Brand name</th>
<th>Company</th>
<th>Copying speed</th>
<th>Energy Star</th>
<th>GP Law conformity</th>
<th>Power consumption for stand-by and off mode</th>
<th>Two-sided copying</th>
<th>Use of recycled plastics</th>
<th>Use of reused parts</th>
<th>Toner cartridge recycling</th>
<th>Use of PVC</th>
<th>Eco-Label certification</th>
<th>Price</th>
</tr>
</thead>
</table>

It is possible for users to make diverse and flexible judgments based on objective information.

No answer to the question: "Which one is green?"
"Any recommendation/assessment by GPN?"

Large amount of product data is provided through the "light-weight" self-declaration system with low operation/registration cost.

Credibility of the data is not so high because it is not verified. Should verification system be introduced?

Advantage/Disadvantage of GPN-DB

<table>
<thead>
<tr>
<th>Easiness of Judgment</th>
<th>Availability of Detailed Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type I Eco-Label</td>
<td>82%</td>
</tr>
<tr>
<td>Grading System</td>
<td>45%</td>
</tr>
<tr>
<td>Products Database</td>
<td>33%</td>
</tr>
<tr>
<td>Type III Label, LCA Database</td>
<td>24%</td>
</tr>
<tr>
<td>Type II Label, LCA Database</td>
<td>18%</td>
</tr>
<tr>
<td>Type III Label</td>
<td>4%</td>
</tr>
</tbody>
</table>

From GPN survey 2002

Information Related Information Used by Green Institutional Purchasers

- Eco Mark (Type 1 Label): 82%
- GPN Guidelines/Database: 45%
- Symbols from Third Parties: 33%
- Criteria of Green Purchasing Law: 24%
- Self Declaration Label (Type 2): 18%
- Type 3 Label: 4%

From GPN survey 2002
Consumer Survey Results
- by Japan Advertising Agencies Association

“Green Purchasing can be promoted by communicating not only environmental aspects of the products, but also good effect on the environment of the products.”

[Case of Core-less Recycled Toilet Paper]

<table>
<thead>
<tr>
<th>Environmental aspects</th>
<th>Good effects on the environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Made from 100% non-bleached post-consumer recycled fibers, and no paper core.</td>
<td>Prevent from contamination by bleaching and reduce wastes.</td>
</tr>
</tbody>
</table>

Findings from GPN Consumer Survey

“Though environmental label/mark/symbol gives good image of the products to consumers, it is not enough to change their choice unless they have loyalty on it.”

“It is necessary to communicate concrete environmental value of the products to consumers. Once convinced, they possibly change their choice.”

“Consumers want detailed information on how much extent the product is greener than the others.”

Key Points

Learning from various experiences of diverse organizations promoting green purchasing around the world;

- It is necessary to communicate environmental value of selecting the products to consumers
- Credibility is crucial to any kind of environmental information including eco labels
- Concept of Life Cycle Costing (LCC) should be disseminated among consumers.

Thank you for your kind attention.

GPN Website: http://www.gpn.jp