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

Hiroyuki Sato
Secretary General, Green Purchasing Network (GPN), Japan
TEL.+81-3-3406-5155  Fax. +81-3-3406-5190
E-mail: hv6h-stu@asahi-net.or.jp
Website:www.gpn.jp

Introduction

Agenda 21, adopted at UNCED, identified environmentally sound purchasing as an effective means to reduce environmental impacts and to shift towards more sustainable patterns of consumption and production.

Stakeholders, including citizens, NGOs, businesses and public organizations, are now actively engaging in Green Purchasing around the world. Citizens are influencing businesses to green their products, services and operations through their purchasing power. Public organizations, such as national and local governments, have been vigorously implementing Green Purchasing, thus serving as role models for other organizations.

Green Purchasing has already been initiated and is extensively practiced in various regions across the world.

Green Purchasing is an essential step in creating a Green Marketplace, by leveraging spending power and purchasing environmentally preferable products and services. This will stimulate businesses to develop greener products and services through technological innovation. This approach also ensures that we nurture environmentally conscious industries to maintain a good balance between the environment and the economy.

Green Purchasing policies of public organizations
Public organizations are quite large actors in the local/global market. US federal government spends $500 billion annually, and state/local governments totally spend $400 billion annually. Within the EU, public sector spends over 1 trillion Euro per year in all, which amount to over 14% of GDP. In Japan ¥60 trillion are spent annually by national/local governments on products and services. UN annual procurement of goods and professional services is US$3 billion dollars, and the value of business opportunities linked to UN direct and indirect spending is estimated at US$ 30 billion/year.

Acknowledging their large purchasing power, quite a few public organizations has took the initiatives in implementing green purchasing policies, such as EU, UN, national governments of Sweden, Denmark, UK, Japan, Korea, USA, Canada, and plenty of local governments across the world.

Japan is the first national government that enacted a separate comprehensive Green Purchasing Law that obliges all the national ministries/agencies to draw up annual green purchasing policy including targets, implement it, and report to the environment minister.

US federal government has taken several single-issue approaches, such as Buy Recycled program, Energy Star program, Farm Bill, which urge public organizations to buy recycled products, energy-efficient products, and bio-based products respectively. On top of that Executive Order 13101 requires EPA to issue new comprehensive guidance on environmentally preferable procurement to federal agencies, encourages federal
agencies to conduct pilot projects based on this guidance, and incorporates bio-based products into federal EPP efforts.

**Effect of Green Purchasing**

In order to convince policy makers and top of the organization of introducing Green Purchasing policies, and of continuously enhancing Green Purchasing activities, we need to grasp the effect of Green Purchasing.

European Commission and International Council for Local Environmental Initiatives (ICLEI) conducted a research project to identify the environmental relief potential of Green Purchasing by public authorities in Europe. According to the findings, over 2.8 million desktop computers are purchased each year by public authorities in the EU, which parallels 10% of total units sold in Europe. If more energy-efficient computers of this amount were purchased, over 830,000 tones of CO₂ would be reduced, corresponding to 982,000 global person equivalents. Another findings tells that the purchase of green electricity by the public sector would contribute towards one quarter of the European Kyoto commitments, if this came from newly constructed renewable energy facilities.

Japanese Ministry of the Environment evaluated their activities’ effect by another method. They looked into the change of the market share of designated environmentally friendly products and found that the share has reasonably increased by, for example, three times with respect to low emission vehicles, which they understand is owing to the Green Purchasing Law.

**Information for selecting environmentally friendly products and services**

To facilitate selecting environmentally friendly products and services, various organizations have set diverse criteria, standards, guidelines, and specification models for biddings. Also Eco-label systems have been managed by private/public organizations around the world to serve as simple third-party mark labeled on environmentally friendly products and services.

GPN of Japan has been operating product environmental performance database called “GPN Database”. In the Database, more than 11,000 products are registered and about 600 companies are participating. Users can compare environmental performance information for hundreds of registered brands, and also know how much a certain product is superior to another using this Database, although they are not provided with clear judgment on “green” or “not green”.

Unfortunately there is no single answer to what kind of information is most efficient way to change consumers’ choice. Eco-label is, on the one hand, easily understandable information, but on the other hand, it carries little concrete merit information with it to satisfy consumers of selecting the eco-label product.

Learning from various experiences of diverse organizations promoting green purchasing around the world, the following can be pointed out; 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; and concept of Life Cycle Costing (LCC) should be disseminated among consumers.