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Controlling Trade in Agricultural Commodities: Public Procurement Policy

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INTRODUCTION

The use of public procurement policy to source legal and sustainable timber and timber products has proved an effective weapon in excluding illegal and unsustainable timber from consumer-country markets, chiefly in the European Union. Yet illegal logging and even legal commercial logging are not the main drivers of deforestation: clearance of forests (legal or illegal) for agriculture, often for export, is far more significant. A recent study for the European Commission estimated that 53 per cent of the global deforestation experienced from 1990 to 2008 was due to agricultural expansion. 1 A 2012 study produced for the British and Norwegian governments, with a different methodology and covering a different period (2000–10), estimated that agriculture was responsible for about 80 per cent of deforestation. 2

The purpose of this paper is to examine the potential applicability of public procurement policy to illegal or unsustainable agricultural products associated with deforestation, such as palm oil, soy or beef. Many of these are present in foods purchased by public-sector buyers for state schools, nurseries, hospitals, canteens, prisons and the military. (Palm oil and soy are used in biofuels, which are also subject to extensive government regulation, but this raises different issues and is covered in another paper. 3)

Public procurement is the acquisition of goods and services from a third party on behalf of a public agency, such as a government department or local authority. It can cover an enormous range of items, from military hardware to office stationery to school meals to consultancy services. Accounting for substantial proportions of many specific markets, the way in which public procurement is used can often have a significant impact on the overall direction of the market and the market share of particular products.

Governments have used this purchasing power in the market as a tool to achieve public policy objectives since at least the 19th century. Early objectives tended to focus on labour issues, such as the prevention of child or prison labour, the hiring of unemployed people or non-discrimination. Environmental objectives also came to feature with the gradual rise in concern over these issues from the 1960s. Purchasing requirements such as recycled paper, ozone-friendly refrigerators and air-conditioners or energy-efficient office equipment became commonplace. The US federal government’s decision to purchase Energy Star-compliant office machinery, for example, helped to change the entire global market for computers and other appliances because of the sheer scale of its purchasing.

More recently attempts have been made to develop systematic sustainable procurement policies across all areas of public purchasing. One of the seven task forces established under the UN’s Marrakech Process on Sustainable Consumption and Production (set up in response to the World Summit on Sustainable Development in 2002) focused on sustainable public procurement, with the objective of supporting the development and implementation of national policies. In general, however, environmental or green procurement policies have been adopted more widely than broader sustainable approaches, which include social objectives.

Scale

In developed countries, purchasing of goods and services by public authorities – central, regional and local government and its agencies – is estimated to account for an average of about 12 per cent of GDP. 4 (Higher figures often quoted for government consumption usually include spending on employee costs such as salaries and pensions, which are not relevant to procurement spending.)

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3 Ivetta Gerasimchuk, State of Play on Biofuel Feedstock in the EU (Chatham House, 2013).
Government purchasing varies significantly across product sectors, from very high proportions (e.g. defence, road-building) to very low (e.g. consumer goods). Comparative data on government purchasing across product types are almost non-existent, but some detailed studies have been made of specific sectors. For example, in the United Kingdom the public sector is thought to account for 30–50 per cent of demand for office furniture, and in most countries public-sector buyers are particularly important for timber for specialist uses such as harbour defences.

The report of the UK Sustainable Procurement Task Force in 2006, *Procuring the Future*, identified food as the third most important of 10 priority sectors for UK sustainable procurement policy. Its analysis was based on a mixture of total spending (i.e. impact in the market), scope to do more, and risks. At the time, public spending on food and catering amounted to 2.1 per cent of total procurement spending: £3.2 billion or about 10 per cent of the total UK catering sector. The European Commission’s 2008 communication on green procurement, *Public Procurement for a Better Environment*, similarly identified food and catering services as the second of 10 priority sectors. A detailed survey of procurement spending in Scotland estimated that public expenditure on food in 2007–08 amounted to £123.9 million, approximately a third of the total Scottish catering and canteens market. The education and social work, health and prison sectors accounted for £99.2 million or 77 per cent of the total.

Even where public procurement accounts for only a small proportion of the market, the evidence suggests that procurement policies can have a broader impact on consumer markets. Suppliers’ preferences for relatively simple supply chains magnifies the effect of public-sector preferences; if they need to supply sustainable timber for public purchasers, for example, they tend to prefer to supply the same products to their other customers too. One estimate suggested that government procurement could achieve market leverage of up to 25 per cent of the market (compared with about 10–12 per cent for direct purchases) when knock-on effects such as these were included.

It should be remembered that these figures relate to the entire public sector, which includes central and sub-central government and often many quasi-independent agencies. Across the OECD countries, central governments account for about 30–35 per cent of total public-sector expenditure, though this varies substantially between countries, from relatively centralized states such as the United Kingdom, where central government accounts for about 70 per cent of public sector expenditure, to highly decentralized ones such as Canada, where the corresponding figure is about 15 per cent.

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9 Markku Simula, ‘Public procurement policies for forest products – impacts’, presentation at UN Economic Commission for Europe/Food and Agriculture Organization policy forum on public procurement policies for wood and paper products and their impacts on sustainable forest management and timber markets, 5 October 2006.
TIMBER PROCUREMENT POLICIES

As of September 2013, 13 countries (Austria, Belgium, Denmark, Finland, France, Germany, Japan, Mexico, the Netherlands, New Zealand, Norway, Switzerland and the United Kingdom) have central government procurement policies aimed at ensuring that public purchasers source only legal and/or sustainable timber and wood products. Many local and regional governments in these and other countries also possess some kind of timber procurement policy.11

Governments have adopted one of two different approaches to deciding the criteria for legality and sustainability they wish the timber products they procure to satisfy. Some countries, mainly the Netherlands and the United Kingdom, have drawn up their own criteria, derived from a variety of sources and inputs, including a consultation process. Under this approach, governments need to ensure that their buyers understand the criteria and how they can quickly and efficiently ensure that they purchase products that meet them. In practice the simplest way to achieve this has been to require products covered by the main timber certification schemes, those of the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC). Both countries have established systems, relying on independent advisory bodies, for assessing whether the certification schemes meet their criteria for legality and sustainability. Since EU procurement rules require that procurement policies must rest on criteria, not on whether a product has been certified by any particular scheme, the Netherlands and the United Kingdom have also developed systems for assessing claims by suppliers that their products meet the sustainability or legality criteria even if they are not certified by any recognized scheme.

Other countries have adopted a less elaborate system, deciding simply that particular certification schemes are adequate to meet their criteria. Germany’s policy, for example, simply requires FSC- or PEFC-certified timber, or its equivalent. In practice the outcome of this is much the same as that of the more complex policies, as almost all timber purchased under British or Dutch guidelines is FSC- or PEFC-certified in any case. Denmark initially drew up its own criteria, similar to the British and Dutch ones, but eventually concluded that in practice opting for FSC- or PEFC-certified timber (or equivalent) was a much simpler process for both buyers and policy-makers, and had much the same impact.

Other countries accept a wider range of evidence of legality and/or sustainability. Some countries’ procurement policies cover only particular end uses or products, such as timber for construction, or paper. Within the EU, a European Commission working group was established in 2009 to encourage member states to exchange experiences on their approaches to timber procurement. It reported in November 2010 with a series of recommendations encouraging member states to adopt consistent approaches towards issues such as the definitions of legality and sustainability.12

Impacts

To date only two countries – the Netherlands and the United Kingdom – have undertaken market research studies on the impacts of their timber procurement policies on overall supply. In both cases the volume of certified timber products imported had grown steadily since their introduction. In the United Kingdom, growth has been particularly rapid; in 2008 certified timber and panel products (domestic production and imports) accounted for over 80 per cent of the market, having grown from 55 per cent in 2005.13 As one study concluded:

There is an undeniable shift in the behaviour of the timber trade, in particular the leading more progressive companies, and the UK government’s timber procurement policy has had

11 For summaries, see Duncan Brack, Controlling Illegal Logging: Using Public Procurement Policy (Chatham House, 2008); and Markku Simula et al., The Pros and Cons of Procurement: Developments and Progress in Timber Procurement Policies as Tools to Promote Sustainable Management of Tropical Forests (ITTO Technical Series 34, 2010).
12 European Commission, Public Procurement of Wood and Wood-Based Products, Report to the Standing Forestry Committee by the Standing Forestry Committee Ad Hoc Working Group IV on Public Procurement of Wood and Wood-Based Products’ (2010).
13 Nick Moore, UK Timber Industry Certification (UK Timber Trade Federation, 2009).
a significant impact and been one of the drivers for this change, along with NGO pressure and Corporate Social Responsibility (CSR) policies aimed at managing risk.\textsuperscript{14}

Similarly, in the Netherlands, the share of certified timber and panel products grew from 13 per cent in 2005 to 34 per cent in 2008 and 68 per cent in 2011, while the share of certified paper and paperboard was 33 per cent in 2011.\textsuperscript{15} In 2011 a survey of the timber markets in six EU countries (Denmark, France, Germany, Italy, Netherlands and the United Kingdom) concluded that ‘the public sector and commercial big buyers – DIY, wholesaler, retailer and other large enterprises – are the main drivers generating demand for SFM [Sustainable Forest Management]-certified timber’.\textsuperscript{16}

\textbf{Lessons for procurement policy for agricultural commodities}

Although few systematic studies have been made of the functioning and impact of timber procurement policies, in several countries the measure has clearly been successful, at least in terms of expanding the market for certified products (critics of the certification schemes, of course, would not necessarily view this in a positive light). The following lessons can be drawn for the application of a similar approach to procurement for agricultural commodities and related products.

- Some kind of easy identification scheme for the desired products is extremely helpful. Governments have hundreds of procurement officers managing thousands of contracts across a huge variety of products and services; they do not have the time to research or check whether individual products or suppliers meet policy criteria. For timber, the pre-existing forest certification systems have filled that role; without an equivalent certification or labelling system for desirable agricultural products, procurement policy will be difficult to operate.

- If certification schemes are to play this role, some organization is needed to assess whether their requirements match the criteria, and also whether uncertified products whose suppliers nevertheless claim they match the criteria actually do so. For timber, the United Kingdom and Netherlands set up new bodies to do this (the Central Point of Expertise on Timber (CPET) and the Timber Procurement Advisory Committee (TPAC), respectively); in Germany the latter function is implemented by the Federal Research Centre for Forestry and Forest Products and the Federal Agency for Nature Conservation.

- Support needs to be made available to government buyers implementing the policy, in the form of advice and training (in the United Kingdom, this is provided by CPET) and guidance in purchasing the right kind of products (in the United Kingdom, the Government Procurement Service publishes framework agreements and catalogues of preferred products and suppliers).

- The certification systems themselves can be positively affected. Both the FSC and PEFC systems were revised in response to their failure to meet some of the criteria in the United Kingdom timber procurement policy. Similarly, the existence of more than one certification scheme has proved beneficial, holding out the possibility of competition in meeting governments’ criteria (though from buyers’ points of view, several competing labels can be confusing).

- Promotion and communication of the policy is also essential, and the supplying industry can have a major role to play. Elements of the public sector not subject to the policy – such as local or regional government – can still be encouraged to apply it.

\textsuperscript{14} Efeca, \textit{An Assessment of the Impacts of the UK Government’s Timber Procurement Policy}, p. iii.
PUBLIC PROCUREMENT FOR AGRICULTURAL COMMODITIES

Interest in using public procurement policy for food has grown significantly in recent years, triggered by concerns over food safety and healthy eating (particularly for schoolchildren), environmental impacts and a desire to source locally. In general, these approaches have been adopted by local and regional rather than central governments (though in most countries this accounts for the bulk of the public sector), as the following examples show.\(^\text{17}\)

- The Swedish city of Malmö, which in 2010 adopted a policy of serving good food of high quality in all public canteens, aiming at 100 per cent certified organic by 2020 and reducing food-related greenhouse gas emissions by 40 per cent from 2002 to 2020. By the end of 2012 about 40 per cent of the food budget was spent on organic food.

- After a change in Italian law in 1999 that encouraged municipalities to source organic food, the city of Rome adopted a strategy of promoting it in school meals. Socio-environmental factors accounted for 49 per cent of the weighting in the award of contracts (price was weighted 51 per cent); factors such as seasonality, local sourcing and a reduction in energy consumption were subsequently added. The city currently has a target of 70 per cent organic.

- East Ayrshire local authority in Scotland started to prioritize providing school meals based on unprocessed, local and organic food in 2004; the policy now covers 12 schools. Studies of the impacts suggested a greenhouse gas saving of about 40 tonnes CO\(_2\) for an average primary school, and significant benefits to the local economy from the encouragement the policy gives to local sourcing from small and medium-sized enterprises.

- Copenhagen produces about 60,000 meals daily for schools, kindergartens, nursing homes and canteens; it has an annual food budget of about €40 million. It has adopted one of the most ambitious food procurement strategies in Europe, with targets of 75 per cent organic by 2012 and 90 per cent organic by 2015; the 2012 target was met on time. The strategy has emphasized the importance of creating food literacy among children and young people and promoting more sustainable and healthy food consumption.

- Vienna supplies food to about 85,000 people in hospitals, kindergartens, schools and nursing homes. Its initial target of 30 per cent organic has already been exceeded in hospitals and kindergartens (both are over 50 per cent), though not yet reached in nursing homes. The approach also promotes vegetarian, regional and Fairtrade products.

- In the United Kingdom, the Sustainable Food Cities Network was established in 2011 as an alliance of public-, private- and voluntary-sector organizations aiming to encourage healthy and sustainable food strategies, including health and wellbeing, environmental sustainability, local economic prosperity, resilient communities and fairness in the food chain. Its (voluntary) principles include that: ‘food production should conserve and enhance terrestrial and marine ecosystems and natural resources including soil, water and air’.\(^\text{18}\)

As can be seen, the main aims of these programmes have been to promote healthy, fresh, seasonal, organic and locally sourced food. Fairtrade-labelled products sometimes feature, as do certified sustainable fish (see further below), but otherwise certified sustainable food products such as palm oil or soy have generally not been included.

Public procurement policies have also not commonly been applied to food by central governments, though there are some examples of the promotion of organic and Fairtrade-labelled products. In the United Kingdom, the Department of Environment, Food and Rural Affairs has helped to fund ‘Fish and Kids’, a project of the Marine Stewardship Council (MSC), a voluntary certification body modelled on the FSC.\(^{19}\) It aimed to increase the availability of sustainable seafood in schools, partly as a means to increase awareness of sustainability issues. MSC provides support to food distributors to help them source sustainable seafood, communicates and advises local authorities and school-meal providers, and provides educational resources to schools and communities. By April 2007, over 1,000 schools were using the logo on their school menus, and four million sustainable fish dinners were being served to about 250,000 schoolchildren per year.\(^{20}\)

In the United States, the Environmental Protection Agency created the Environmentally Preferable Purchasing Programme in 1993. In 2007, Executive Order 13423 required that goods and services acquired by the federal government be produced in a sustainable manner, and in 2009, Executive Order 13514 required federal agencies to reduce their greenhouse-gas emissions from direct and indirect activities, including purchasing. Activities in the food and catering sector have, however, been limited to improving the energy efficiency of appliances and reducing kitchen waste; policies based on the source or environmental impact of food products have not yet been adopted.

**UK procurement policy for sustainable palm oil**

In the United Kingdom central government has started to use procurement policy for palm oil. In April 2011 a government-commissioned report on sustainable palm oil procurement drew lessons explicitly from the experience of the UK timber procurement policy, including its wider market impact and the necessity for technical support from the government, as delivered via CPET.\(^{21}\) After considering a range of options, it concluded that ‘the highest positive impacts would be achieved by a combination of a public procurement policy that incorporates a time-bound goal, together with targeted support and awareness-raising to galvanise action across UK supply chains’.\(^{22}\) It recommended a target of 100 per cent sustainable palm oil by 2015, together with collaboration with industry to encourage collective implementation efforts. In October 2012, the government announced that it was adopting the target of 100 per cent sourcing of credibly certified sustainable palm oil by the end of 2015.\(^{23}\) The announcement was made jointly with 14 trade associations and NGOs.

The government added the requirement for sustainability for palm oil, palm kernel oil and derivatives to the Government Buying Standard for food and catering, which is mandatory for central government and encouraged throughout the wider public sector (local authorities, the National Health Service, etc.). Eight specific sustainability criteria are included in the Standard, based closely on the Round Table on Sustainable Palm Oil (RSPO) system.\(^{24}\)

The government has commissioned CPET to elaborate the system further and to provide an advice and information service on sustainable palm oil for businesses and government procurers, including a helpline, web resources, newsletters and seminars – though take-up so far has been very low.\(^{25}\) The government also pledged to work with the organizations involved in the national statement to monitor the progress towards the target, and to encourage other consumer nations to switch to sourcing sustainable palm oil.

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19 For further information, see Marine Stewardship Council website (http://www.msc.org) and Fish and Kids website (http://www.fishandkids.org).
22 Ibid., p. 7.
25 See the palm oil section of the Central Point of Expertise on Timber website, www.cpet.org.uk/palm-oil-folder.
INTERNATIONAL PROCUREMENT RULES: WTO AND EU

Measures taken by consumer countries to discriminate in trade between sustainable and other products potentially interact with World Trade Organization disciplines. WTO members are not permitted to discriminate between traded ‘like products’ produced by other members, or between domestic and international like products, though exceptions are permitted to these general principles under certain circumstances.26 However, public procurement was explicitly excluded from the 1947 General Agreement on Tariffs and Trade (GATT) – the core of the WTO system – largely because of its widespread use as a means of supporting national suppliers and as an element of industrial policy.27

Although government procurement measures are now subject to the WTO Government Procurement Agreement (GPA), this is significantly different from the GATT and other WTO agreements. It is a plurilateral agreement, to which not all WTO members are parties; in fact, as at September 2013, only the EU and all its member states and 14 other countries are parties. This includes the United States, but no major developing-country agricultural exporter. In addition, GPA rules do not apply automatically to all procurement contracts; GPA parties specify the government entities and services they decide to have covered, and also minimum threshold values, and can also specify exclusions. So agricultural products do not necessarily have to be covered, and could be subject to exemptions even if they are.

Nevertheless, the core WTO principles of non-discrimination (between like products from foreign and domestic suppliers) and transparency (of the requirements included in contracts and in the awarding of contracts), which are included in the GPA, may be used more widely than this limited coverage would suggest. The UN Commission on International Trade Law (UNCITRAL), which was established in 1966 with a general mandate ‘to further the progressive harmonisation and unification of the law of international trade’, promotes model procurement laws largely based on GPA rules.28 Similarly, development assistance, whether from bilateral donors or multilateral agencies such as the World Bank, often incorporates provisions on procurement spend that are based on GPA rules. And national procurement rules may adopt GPA-type provisions as a default approach.

EU member states develop and apply their own procurement policies, but the EU sets principles to which the individual policies must conform. These aim to ensure that public procurement policies operate in a transparent way, ensure equal treatment of suppliers (e.g. forbid discrimination on the basis of nationality), and achieve best value for taxpayers and consumers of public services. In common with the WTO agreements, they require specifications to be described in the form of general criteria rather than simply in terms of conformity with particular certification schemes. The UK palm oil procurement policy, while based closely on the RSPO system, is not explicitly described in those terms. (One implication, however, is that the book and trade or mass balance systems used in the RSPO and other certification systems may not satisfy the procurement criteria, as under these systems the commodities that are being bought may not actually be sustainably produced.)

EU rules allow significant scope for including environmental criteria, though many of the same debates as have taken place in the WTO arena over discrimination in trade on the basis of the way in which products are produced, grown or harvested have taken place over EU procurement rules as well, and their applicability is still sometimes disputed. However, none of the timber procurement policies mentioned above have ever been subject to challenge.29

In May 2012 a ruling from the European Court of Justice confirmed that criteria ‘based on considerations of an environmental or social nature’ were permissible. This was the outcome of a

26 For a longer discussion, see Duncan Brack, Controlling Imports of Palm Oil: Interaction with WTO Rules (Global Canopy Programme, forthcoming).
28 See further at http://www.uncitral.org/.
29 For a much longer discussion, see Duncan Brack, Social Issues in Timber Procurement Policies (Chatham House, 2010).
dispute case brought by the European Commission against the Dutch government, for allowing the province of North Holland to apply procurement criteria for automatic coffee machines referring to products bearing the EKO organic and Max Havelaar fair trade labels. While finding that criteria such as these were allowed, the court reasserted the requirement for specifications not to be described simply in terms of conformity with certification schemes.

USING PUBLIC PROCUREMENT POLICY FOR AGRICULTURAL PRODUCTS

In principle, it should be possible to use public procurement policy to favour sustainably produced foodstuffs, thereby helping to reduce the environmental impact – and in particular, the impact on forests – of agricultural production. The introduction of the UK procurement policy for sustainable palm oil is a welcome development and will be watched with interest. In applying similar policies, the following issues need to be addressed.

Impact

Will government procurement policy have an impact on the market? The size of public-sector purchasing of food and catering services suggests that it should – the proportion accounted for by government buyers appears to be no less than that for timber products, and possibly more. This may vary between central and local authorities, but all levels of government appear to be major purchasers.

Which products?

Not all agricultural products associated with deforestation are equally suited to procurement policy. Palm oil is used as a cooking oil, but it is also an ingredient in thousands of food products. It may be difficult to identify all of these, but this is a challenge also being addressed by the RSPO and other palm oil certification schemes. Soy is mainly used as animal feed, which may lead to difficulties in identifying the final food product; also the use of certification schemes such as those of the Roundtable on Responsible Soy (RTRS) and ProTerra is still relatively uncommon. Certification systems exist for beef, but similarly are not common. Cocoa and coffee should be more straightforward, with simpler supply chains and the use of certification schemes (such as Fairtrade, Rainforest Alliance and Utz) more widespread.

Identification mechanisms

As noted above, the existence of a credible certification scheme identifying sustainable products is enormously helpful, enabling government buyers and their supplying companies to identify the products they wish to buy fairly easily. There are, however, many critics of some of the certification schemes mentioned above, and doubts have been expressed over the ability of the RSPO in particular to prevent deforestation.30

June 2013 saw the launch of the Palm Oil Innovation Group at the Tropical Forest Alliance meeting in Jakarta. Comprising NGOs including Greenpeace and WWF, and ‘progressive’ palm-producing companies including New Britain Palm Oil and Golden Agri Resources, it aims to demonstrate new models for sustainable palm oil production, improving on RSPO principles and criteria. In particular,

30 See, for example, Greenpeace, Certifying Destruction: Why Consumer Companies Need to Go beyond the RSPO to Stop Forest Destruction (2013), though RSPO has disputed some of the assertions in this report.
the group aims to break the link between palm oil expansion and deforestation and improve forest conservation.31

This offers at least the possibility of new identification mechanisms in the future, and/or pressure on RSPO to improve its criteria. Public procurement policies can help, by setting future target dates by which suppliers will have to meet their requirements; in the case of timber, the introduction of procurement policies, particularly the United Kingdom’s, encouraged both FSC and PEFC to modify their procedures.

Is there an alternative to certification? Many procurement policies operate through a list of preferred suppliers who are assessed as being able to meet procurement criteria and can therefore bid for contracts with minimal paperwork, and be listed on government catalogues. But in this case, these companies themselves would have to have some system to guarantee they were providing sustainable foodstuffs, and the government would have to have some means of validating their claims – all of which are much more difficult in the absence of certification. Simply assessing all products emanating originally from a palm oil or other company judged to be operating sustainably would be difficult in the absence of traceability systems for the product through the supply chain; and it would also require a system for assessing the claims of any company that asserted it was operating in such a manner.

Sustainability or legality?

The discussion above relates to procurement policy resting on the sustainability of the products. Would it be possible to set criteria relating only to legality? This approach was used by some countries, including the United Kingdom, in developing their timber procurement policies – though since in practice the main way of meeting their criteria was through the FSC and PEFC sustainability certification schemes, they usually ended up procuring sustainable products in any case. However, where certified timber was not available, a number of simpler schemes verifying legality developed, and legal-only timber is still permitted under the UK policy: a minimum of 70 per cent sustainable products must be supplied under each contract, with the balance from a legal source.

Research on illegalities in the production of agricultural commodities has been less extensive than it has on illegal logging, but there are many reports of illegal clearance of forest for oil palm or soy, or pasture for cattle. Research currently under way for Forest Trends has estimated that most conversion of forest to agriculture (including timber plantations) in tropical countries is currently illegal: this is particularly true of clearance for oil palm plantations and cattle pasture. Illegal forest conversion tends to be more difficult and complex to prove than many other forms of illegal behaviour, however; it is inevitably entangled with questions of land ownership and tenure which, in many countries, may be unclear or contested. In many countries, then, verified legal products may be as difficult to supply as certified sustainable products; though, as with timber, if the demand for legal (as opposed to sustainable) products develops, systems may emerge that provide them (the Indonesian Standard for Palm Oil, ISPO, assesses conformity with Indonesian law).

Impact on domestic producers

In most countries, sustainability requirements in procurement policies will have to be applied to products regardless of their national origin (see the discussion above of WTO and EU procurement rules). For some commodities associated with deforestation, e.g. palm oil or cocoa, this is of little relevance to consumer countries, as there is no domestic production, but for others this is likely to be a concern. The United States and the EU, for example, are significant producers of beef, and the former also of soy. As noted above, certification systems for beef and soy do not have substantial coverage – US soy producers, for example, tend to see RTRS certification as a solution

to specifically South American problems and of no relevance to them, which would make the application of procurement policy more difficult and much more subject to lobbying from domestic producers.

**CONCLUSION**

Procurement policy has been used with effect to exclude illegal and unsustainable timber from consumer-country markets. The public sector is a significant purchaser of food and catering services, and public procurement policies have clear potential for promoting the uptake of sustainable products. There are significant implementation challenges – as there were with timber – and some products associated with deforestation, such as palm oil and cocoa, are more suited to this approach than others, such as beef and soy, but in principle the approach can be used. The UK adoption of procurement policy for palm oil is welcome and its development and effectiveness should be monitored.