



Daily

10 a.m. - 1 p.m. EDT (UTC-4)

Featured Topic Sessions : 18 - 21 October 2021

Spend Category Sessions: 15 - 18 November 2021

INTERNATIONAL TRADE AGREEMENTS

FRIENDS OR FOES OF CIRCULAR ECONOMY

Monday 18 October 2021

11:30 a.m. - 1 p.m.



Mark Fisher
CEO

Council of Great Lakes Region



Sandra Hamilton

Manchester Institute of Innovation Research
PhD Topic:
Sustainable Government Procurement



[CIRCULARPROCUREMENT.CA/SUMMIT21](https://circularprocurement.ca/summit21)



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Public Procurement Global Policy Themes

1. Mandatory Sustainable, Social, Circular Procurement Policies
2. Supply Chain Transparency Legislation
3. Knowledge Hubs and Cross Border Collaborations
4. Wellbeing Economics and Future Generations

Hamilton (2021) Thesis Forthcoming

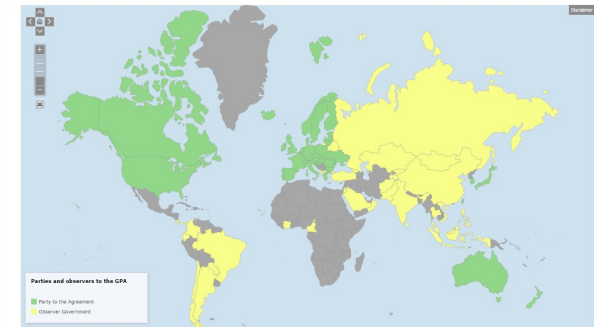
Sandra Hamilton, Manchester Institute of Innovation Research – October 2021

Map of Government Procurement Agreement (GPA 2012) parties and observers

Government procurement accounts for 10-15 per cent of the GDP of an economy on average. It constitutes a significant market and an important aspect of international trade. The WTO's work on government procurement aims to promote transparency, integrity and competition in this market.

[More on GPA](#)

[Full list of parties and observers](#)



SUSTAINABLE DEVELOPMENT GOALS



*Transforming how governments define
value in publicly funded contracts*

Vancouver 2010 to 2021 Change is Possible



2021
UK: Mandatory
Social Value
in all Central
Government
Procurement
Minimum 10%
Weighting

phases of the contract lifecycle, in-scope organisations should retain records to help create social value case studies. These case studies will help to draw out the benefits of the social value approach it has developed and will promote continuous improvement in future contracts.

4.16. Some examples of social value case studies from large scale projects are provided in the publications listed below:

- [A14 Cambridge to Huntingdon improvement scheme](#)
- [Glasgow 2014 Commonwealth Games legacy: final evaluation report](#)
- [Inspired by 2012: The legacy from the London 2012 Olympic and Paralympic Games](#)

4.17. The Government Commercial Function (GCF) and some in-scope organisations have introduced annual competitions for social value awards. Wherever possible commercial staff should engage with these competitions and submit competition entries. Case studies, backed up with firm evidence, will form the backbone of submissions for such awards at either GCF or organisational level.



Peace and Hope for a Better World

- The global rules that underpin our multilateral economic system were a direct reaction to the Second World War and desire for it to never repeat
- Newfoundland 1941:** The Atlantic Charter was agreed upon by Winston Churchill and Franklin D. Roosevelt at a critical moment when the United States was considering entering the war. Comprising 8 succinct clauses, the Charter sets out “common principles” on which both countries based their

“hopes for a better future for the world”



THE Atlantic Charter

THE President of THE UNITED STATES OF AMERICA and the Prime Minister, Mr. Churchill, representing HIS MAJESTY'S GOVERNMENT IN THE UNITED KINGDOM, being met together, deem it right to make known certain common principles in the national policies of their respective countries on which they base their hopes for a better future for the world.

1. *Their countries seek no aggrandizement, territorial or other.*
2. *They desire to see no territorial changes that do not accord with the freely expressed wishes of the peoples concerned.*
3. *They respect the right of all peoples to choose the form of government under which they will live; and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them.*
4. *They will endeavor, with due respect for their existing obligations, to further the enjoyment by all States, great or small, victor or van-*
- in safety within their own boundaries, and which will afford assurance that all the men in all the lands may live out their lives in freedom from fear and want.
7. *Such a peace should enable all men to traverse the high seas and oceans without hindrance.*
8. *They believe that all of the nations of the world, for realistic as well as spiritual reasons, must come to the abandonment of the use of force. Since no future peace can be maintained if land, sea or air armaments continue to be employed by nations which threaten, or may threaten, aggression outside of their frontiers, they believe,*

What is growth for?

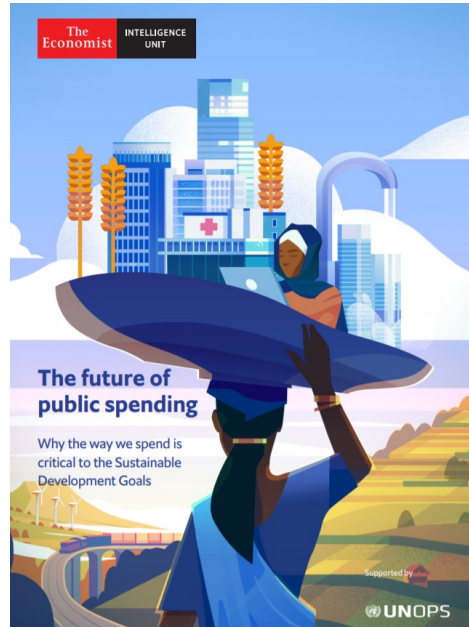
(Joan Robinson 1977)

CITIZENSHIP

Jacinda Ardern Says Economic Growth Is Pointless If People Aren't Thriving

New Zealand's new well-being budget focuses on mental health and poverty reduction.

Embed from Getty Images



The market society is unsustainable because it is fatally destructive to human nature and the natural contexts it inhabits (Polanyi 1944)

“We’ve created a society in service of the economy.
When what is needed is an economy in service of society;
a circular economy where people and planet thrive”



*“promote
public procurement
practices that are
sustainable, in
accordance with
national policies and
priorities”*



Section 2 - Using the Social Value Model

Please read this section in conjunction with:

Section 3 - Evaluating social value in tenders

Section 4 - Contract management, reporting and case studies

What is the Model?

2.1. The Social Value Model ('the Model') sets out government's social value priorities for procurement. It includes a menu of social value options for commercial staff in in-scope organisations to review and select with their internal clients and any other stakeholders. There are 5 themes and 8 policy outcomes which flow from these themes, as follows:

Themes		Policy outcomes
Theme 1	COVID-19 recovery	Help local communities to manage and recover from the impact of COVID-19
Theme 2	Tackling economic inequality	Create new businesses, new jobs and new skills
		Increase supply chain resilience and capacity
Theme 3	Fighting climate change	Effective stewardship of the environment
Theme 4	Equal opportunity	Reduce the disability employment gap
		Tackle workforce inequality
Theme 5	Wellbeing	Improve health and wellbeing
		Improve community cohesion

Positive or Negative?

Every Purchase has a consequence

Environmental Waste – Emissions



World Trade is facing a
Changing Political Landscape,
climate change, inequality, bio-diversity,
limited natural resources & human-rights

Social Poverty & Inequality

In this region of Pakistan, surgical instrument manufacturing is an established industry, producing more than 150 million surgical instruments a year, with a global market value of over £200 million.



Children at work in an unregulated workshop making surgical tools

A socially just circular economy requires governments to provide exemplary leadership

Public Procurement & the Global Governance of World Trade

International Trade Agreements: Friend or Foe of a Circular Economy?



The WTO rules based system is under pressure



WTO OMC

GPA Membership:
48 Highest-Income Countries

Provides reciprocal market access to
US \$1.7 Trillion in Public Contracts

Cover photo: South building of the Centre William Rappard, WTO headquarters. Dhinaut 2014©OMC. This new WTO building (inaugurated in 2013) is an example of **green** and sustainable building. It is MINERGIE P certified, a high level designation for buildings in Switzerland. The image reflects the fact that the revised GPA contains a new provision (Art. X:6) providing greater certainty over the possibility of using "technical specifications to promote the conservation of natural resources or protect the environment". The image also reflects the fact that the Committee on Government Procurement launched a specific work programme on sustainable procurement in 2014.

2017: WTO Sustainable Government Procurement Symposium

2021: WTO Public Forum - Session 25 - GPA
What role and scope for green government procurement
in an open international trade environment?



GPA: Increased Market Access



Sustainability a Potential Barrier to Trade?

Government Procurement: Price-Taker or Market-Shaper?



Global Affairs
Canada

Sandra Hamilton, Canada's First Social MBA,
PhD Candidate, Manchester Institute of Innovation Research
Circular Procurement Summit, Toronto – October 2021



The University of Manchester
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Principles

1. Equal treatment
2. Non-discriminatory
3. Transparent
4. Proportionality
5. Foster Competition

Procedural Fairness

Specifications/Criteria must be relevant and proportionate to the subject matter of the contract

Contract Specific

Verifiable – Objective

GPA 2012 Environmental (effective 2014)

- Article X (9) of the revised GPA: **The evaluation criteria** set out in the notice of intended procurement or tender documentation may include, **among others**, price and other cost factors, quality, technical merit, **environmental characteristics** and terms of delivery."
- "WTO GPA (2012) Article X (6): For greater certainty, a Party, including its procuring entities, may, in accordance with this Article, prepare, adopt or apply technical specifications to promote the **conservation of natural resources or protect the environment.**"
- Article III -Security and General Exceptions, does state that **nothing in the agreement shall be construed to prevent** any Party from imposing or enforcing measures:
 - a) necessary to protect public morals, order or safety;
 - b) necessary to **protect human, animal or plant life or health;**
 - c) necessary to protect intellectual property; or
 - d) relating to goods or services of persons with disabilities, philanthropic institutions, or prison labour

(See CETA: ARTICLE 19.3 Security and general exceptions)

Historical Timeline – Social Sustainability and Public Procurement Policy Trends

Global Competition Based on Lowest-Price

Procurement Policy is Disconnected from Societal Objectives

UK Fair Wages Resolution is rescinded. UK withdraws from ILO C94

UK Introduces Compulsory Competitive Tendering (CCT) and passes Local Government Act, prohibiting non-commercial criteria in government procurement. USA and EU law soon follow.

UK General Preference Scheme for Depressed Regions is abolished

World Trade Organization (WTO) and the Government Procurement Agreement is established. The WTO-GPA prohibits non-commercial criteria in government procurement.

Primary objective is to liberalize government procurement, increasing global market access and driving down prices.

1983

1988

1991

1994

Procurement Policy Advancing Societal Objectives

Pre-Globalization - Domestic Protectionism

1840

USA: President Van Buren issued an executive order establishing 10-hour working day for those working under certain government contracts

1891

UK: Establishes Fair Wages Resolution for Public Contracts

1926

UK: Special Contracts Arrangements for WWI Veterans

1930s

UK: General Preference Scheme for Depressed Regions

1931

USA: Davis Bacon Act mitigates low-bid contracts depressing local wages

1938

USA Special Contracts Arrangements for WWI Veterans

1949

International Labour Organization – ILO Convention 94 requires payment of prevailing local wage on public contracts (ILO C94)

1950

USA Civil Rights Movement leads to calls for Supply Chain Diversity, with set-asides for equity-deserving groups

1987

Brundtland Commission launches Sustainable Development Agenda



UN Sustainable Development Goals.

2012

WTO- GPA is revised to permit environmental criteria in government procurement (Effective 2014)
Sustainable Public Procurement workplan is launched.

2013-14

2013:UK Social Value Act – Obligation to consider Social Value.
2014: New EU Directives – Enabling green & social criteria

2020

UK General Preference Scheme re-introduced for Depressed Regions

2021

UK: PPN06/21 Mandates the evaluation of Social Value in all central government procurement, with a minimum 10% weighting.
A Carbon Reduction plan is required to bid on contracts over £5 million

Global Competition Based on
Most Advantageous Tender (MAT)
Quality, Sustainability and Innovation

Tension: Globalism V Localism

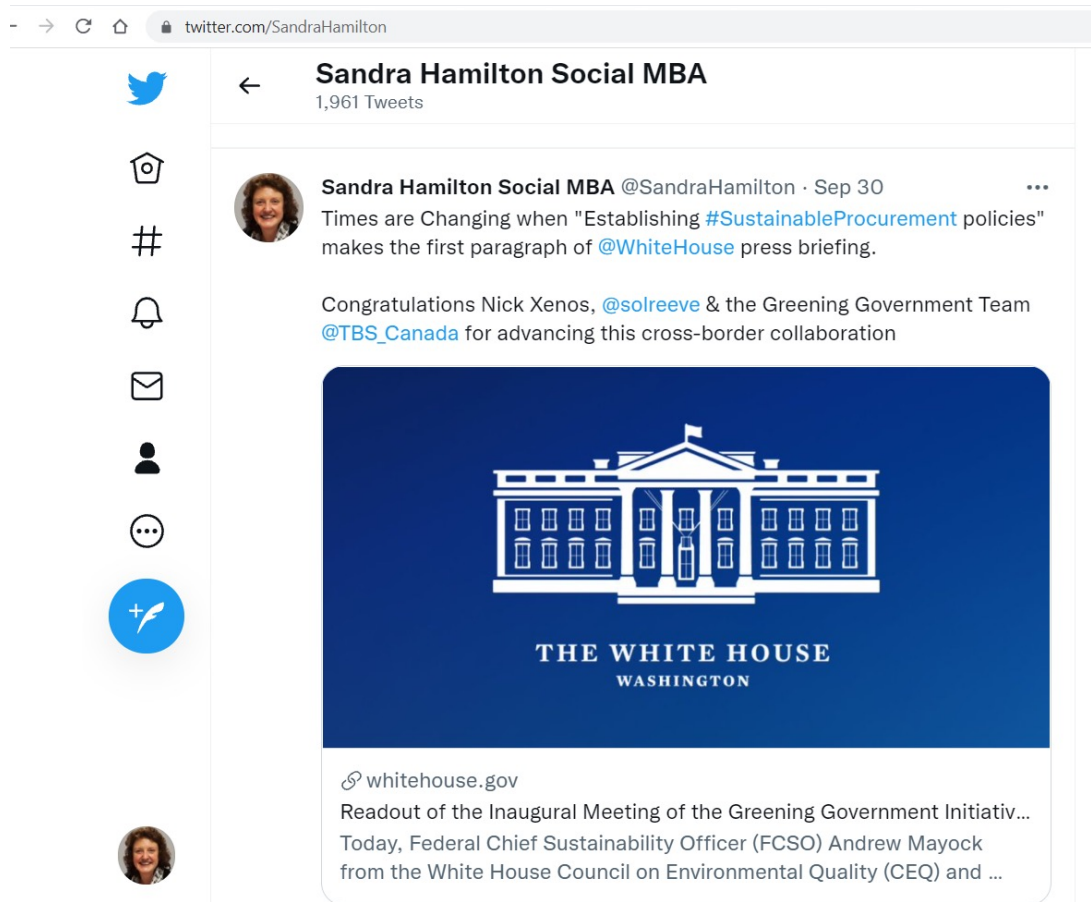
Hamilton, S. (2021), Public Procurement – Price-Taker or Market-Shaper? critical perspectives on international business (accepted for publication, forthcoming).

Sandra G. Hamilton, Manchester Institute of Innovation Research – October 2021



	G7 UNGP HRNAP	Global Policy Leadership and Innovation	Global Policy Trend
1	Japan HR NAP	Leading: Mandatory Green Public Procurement (GPP) (2001) Benefited from being early adopter 1980's. 70% GPP (2016)	Mandatory SPP Policy or Legislation
2	UK HR NAP	Leading: MAT - Mandatory Social Value PP Inc environmental Leading: Net-Zero, Modern Slavery. Welsh Future Generations Act	MAT: Mandatory SPP Policy or Legislation
3	France HR NAP	Leading: Supply Chain Transparency Legislation From Reputational Risk to Legal Liability for Directors	Supply Chain & Waste Legislation
4	Germany HR NAP	Leading: Knowledge Hub – Multi-Level Capacity Building Leading: Supply Chain Transparency Legislation	Knowledge Hub Supply Chain Leg.
5	Italy HR NAP	Mandatory Min. Green Criteria - all public entities (2016) Low price awards are only permitted for standardised goods	Mandatory GPP
6	USA HR NAP	Lagging: Sustainable Public Procurement – policy priority (Biden, 2021) State Level Leadership: California Modern Slavery Act	Cross- Border Collaboration Greening Gov
7	Canada	Lagging: Lacking a comprehensive Sustainable Procurement Policy. No Human Rights NAP. No Modern Slavery Law.	Greening Government Initiative

Greening Government Initiative



Health Public Spend

Public procurement impacts many areas of public service delivery:

Share of procurement spending



30%

Health



16%

Economic affairs



12%

Education



10%

Defence



10%

Social protection

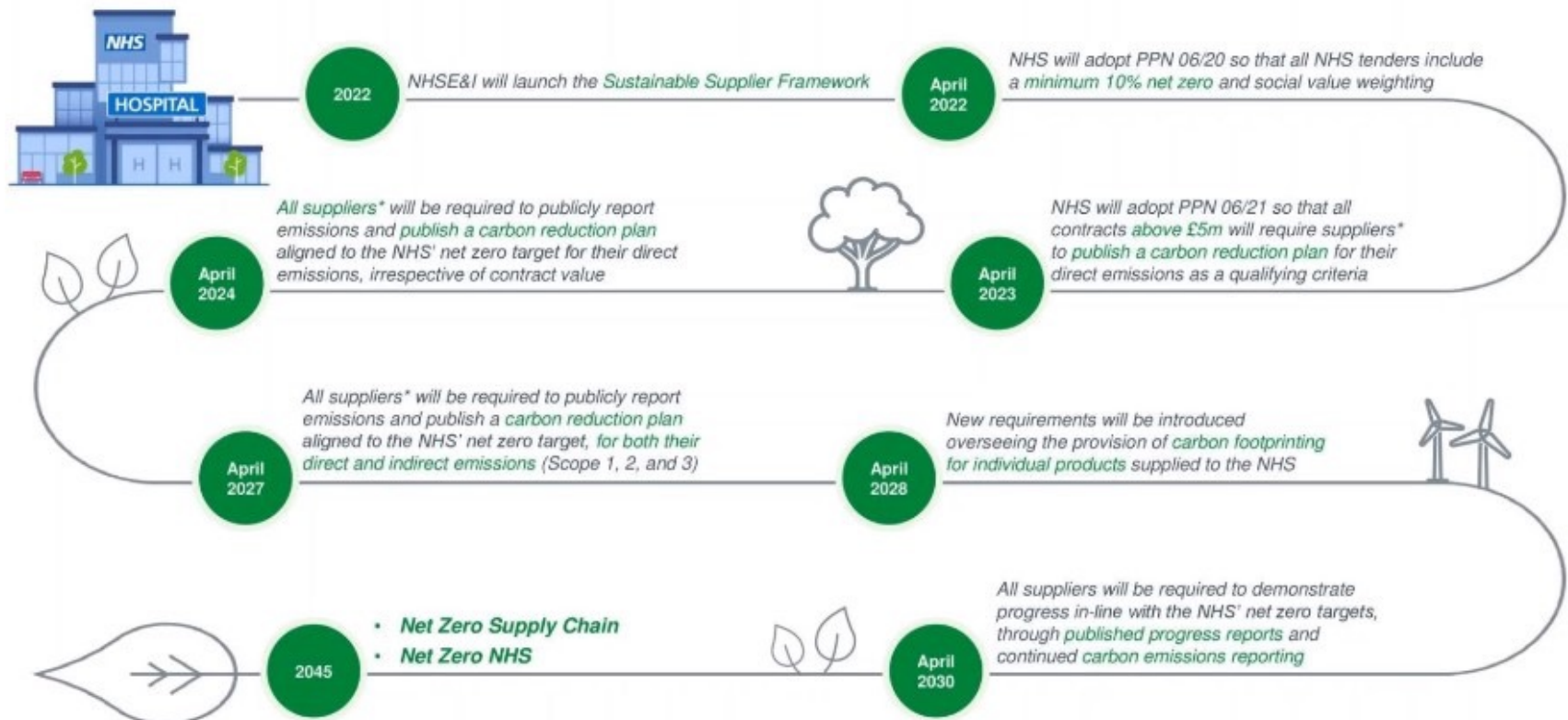


9%

General public service

OECD (2019), Government at a Glance 2019

Building net zero into NHS procurement – the Supplier Roadmap



*To account for the specific barriers that Small & Medium Enterprises and Voluntary, Community & Social Enterprises encounter, a two-year grace period on the requirements leading up to the 2030 deadline, by which point we expect all suppliers to have matched or exceeded our ambition for net zero.

Thresholds

(CDN\$ April 1, 2021 – December 31, 2021)

Internal Free Trade Agreement	Entities (departments and agencies)			Crown corporations and other government enterprises		
	Goods	Services	Construction	Goods	Services	Construction
Canadian Free Trade Agreement (CFTA)	26,400	105,700	105,700	528,300	528,300	5,283,200

Thresholds

(CDN\$ April 1, 2021 – December 31, 2021)

International Free Trade Agreement	Entities (departments and agencies)			Crown corporations and other government enterprises		
	Goods	Services	Construction	Goods	Services	Construction
Canada–Chile Free Trade Agreement *	108,400	108,400	9,100,000	542,400	542,400	17,300,000
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	238,000	238,000	9,100,000	650,000	650,000	9,100,000
Canada–Colombia Free Trade Agreement *	108,400	108,400	9,100,000	542,400	542,400	17,300,000
Canada-European Union Comprehensive Economic and Trade Agreement (CETA)	238,000	238,000	9,100,000	Annex 19-3, Section A: 650,000	Annex 19-3, Section A: 650,000	9,100,000
				Annex 19-3, Section B: 732,400	Annex 19-3, Section B: 732,400	
Canada-UK Trade Continuity Agreement (Canada-UK TCA)	238,000	238,000	9,100,000	CETA Annex 19-3, Section A: 650,000	CETA Annex 19-3, Section A: 650,000	9,100,000
				Annex 19-3, Section B: 732,400	Annex 19-3, Section B: 732,400	
Canada–Ukraine Free Trade Agreement *	238,000	238,000	9,100,000	650,000	650,000	9,100,000
World Trade Organization–Agreement on Government Procurement (WTO-GPA)	238,000	238,000	9,100,000	650,000	650,000	9,100,000

MANCHESTER
1824

The University of Manchester

Know your
Thresholds

Valued across the total
duration of the contract

Goods & Services
Federal CAN \$238,00
Other CAN \$650,000

Construction
CAN\$9.1 million

WTO-GPA

Which Agreement Applies?



WTO-GPA – Government Procurement Agreement

1994, revised 2012 Art. X (9) . 21 Parties – 48 Members

Thresholds: \$238/650K Goods & Services; \$9.1 Million Construction

CETA:

Canada, EU, UK

Includes ALL Government Procurement
including all sub-national MASH sectors
Municipalities, Academia, Schools & Hospitals
See: Annexes 19-1, 19-2 or 19-3

CUSMA: The New NAFTA

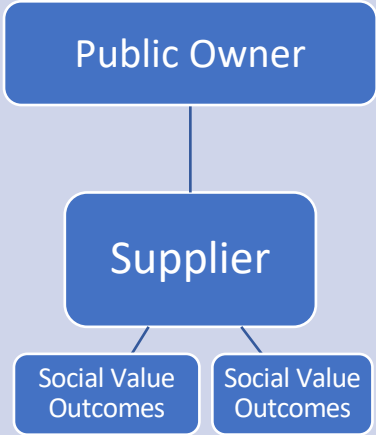
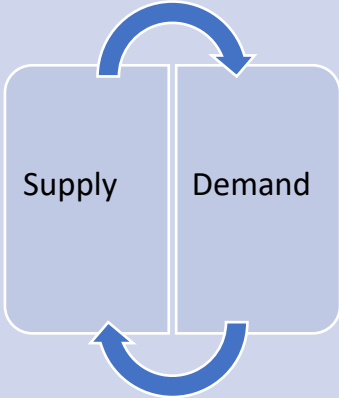
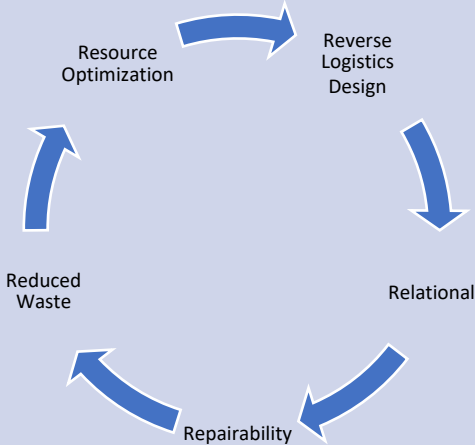
Canada USA Mexico

Does NOT cover Government
Procurement between Canada and USA

Sustainable Public Procurement

Generally, Cities are leading. National Governments are following.
In Canada, the Provinces and Healthcare specifically are lagging.

System Change

Social Value	Green	Circular
<p>Climate Change, COVID Recovery, Inequality, Equal Opportunity Wellbeing</p> 	<p>Clean Production Goods & Works</p> 	<p>Closed Loop Production Resource Optimization</p> 
Demand-Led	Supply-Led Market Readiness	Co-Created Multi-Level, Multi-Actor Collaboration

International Trade Agreements Friend or Foe?

Circular Procurement starts by asking better questions

Better questions secure
better outcomes.

Value and Values

Best social value is entirely
dependant on
what is valued, and
how value is being defined.



Policy@Manchester Blogs: Energy and Environment

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Rise to the top: Socially responsible public procurement



By [Sandra G. Hamilton](#)

Filed Under: [Energy and Environment](#), [Growth and Inclusion](#), [Inclusive Growth](#)

Posted: October 19, 2020

Government Procurement Price-Taker or Market-Shaper?

Amidst the environmental, social and economic challenges of the 21st Century public procurement is gaining increased visibility and legitimacy as a policy tool.

January 2021, the UK became the first nation in the world to mandate that taxpayer-funded contracts are fully leveraged to maximise social value and [#BuildBackBetter](#)