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Public Procurement and the Challenges of Assuring Social and Labour Policies Along the Supply Chain

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Abstract

With the globalization of the supply chain around different countries, the effective implementation of sustainable objectives in procurement practices becomes decisive. Government's procurement authorities, as well as consumers, around developed and developing countries have to rely on considerably less assurance on the respect of environmental and social criteria in the production and delivery of the goods and services purchased. For this reason, the verification of the environmental and social performance of national procurement systems has raised a number of crucial questions and critical concerns regarding the management of the supply chain and the suppliers' performance measurement across various national borders.

In the context of the management of the supply chain complexity and the compliance with social objectives, the use of audits or labelling schemes, in fact, offers undeniable advantages in terms of transaction costs and verification guarantees, also inside the procurement process.

To this end, the main objective of this paper consists in analysing the main international regulatory framework of these monitoring and verification initiatives and the importance of their cross-border application in the context of social and sustainable procurement practices will be highlighted. However, if these verification schemes provide important information and guidance; their inclusion in the procurement process may have also have distortive and discriminatory effects on competition and market access dynamics, operating as barriers to trade. For this reason, the legal framework in which these initiatives are analysed is represented by the Government Procurement Agreement (GPA) of the World Trade Organization (WTO).

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