



11 April 2013

### **PUBLIC PROCUREMENT REFORM: IMPACTS ON THE SINGLE MARKET 11 APRIL 2013 EUROPEAN PARLIAMENT, MEMBERS SALON**

#### **INTRODUCTORY REMARKS**

Thank you very much Mr Creutzmann for your introduction and for hosting today's breakfast seminar on public procurement reform: impacts on the single market.

BUSINESSEUROPE very much values the opportunity to have this exchange today. The trilogue negotiations are well underway so today's debate takes place at a critical time.

BUSINESSEUROPE considers that the main goal of public procurement rules must be to achieve efficiency in public spending and ensure the best economic value for taxpayers' money. Whilst supporting certain amendments in specific areas (e.g. simplification of information obligations, better governance, self-cleaning) we have consistently voiced our opposition to a major overhaul of the current legislative framework and urged the institutions to make sure that any revision safeguards transparency, market openness and competitive tendering.

We strongly fear that these basic principles are being put at risk, giving way to unnecessarily complex legislation that will be difficult for suppliers and contracting authorities alike to apply in practice. This will not only be damaging to companies but also to the quality of Europe's public services.

The proposal touches upon many different areas and I'm sure we will have some time during the discussion to enter into more detail but please allow me to raise some important concerns for business:

#### **Social aspects**

It is essential not to forget that the existing public procurement legal framework allows for social considerations to be taken into account. However, quite rightly, certain conditions have to be respected:

- There has to be a link to the subject matter of the contract
- Social considerations have to be proportionate



- The principles of value for money and equal access for all EU suppliers must be observed.

We are therefore very concerned that the European Parliament is pushing for contracting authorities to impose social conditions on companies that are **unrelated** to the subject matter of the contract. This would easily lead to distortions of competition and obstacles to market access for bidders, especially SMEs, which would harm the internal market.

It is also important to keep in mind that there is now extensive EU legislation dealing with social policy so it does not seem logical to add more and more social goals in public procurement which would risk contradicting or interfering with other social legislation.

### **Aspects relating to the scope and exemptions**

BUSINESSEUROPE believes that the public procurement Directive should not create obstacles for private operators to provide social services, many of which, including health services, do have a growing cross-border dimension.

This is why we oppose a specific regime being set up for social services with a higher threshold of 750.000 EUR, imposing only the basic principles of transparency and equal treatment.

We are also concerned about the way things are moving on in-house and public-public co-operation. The current proposal, if left unchanged, will lead to a distortion of competition and to the closing of an increasingly large number of markets to private companies. This applies to the revision of the public procurement directives as well as to the proposal for a standalone directive on concessions.

We do not disagree with everything! We do support certain simplification efforts which preserve the openness of the internal market. However, at a time when developing a stronger partnership with the private sector in providing good public services and infrastructure is essential we must concentrate on developing fair and transparent competition within the European internal market, not on downsizing it.

Thank you for your attention.

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