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## **New EU-procurement rules to ensure better quality and value for money**

**New EU rules on public procurement and concession contracts approved by Parliament on Wednesday will ensure better quality and value for money when public authorities buy or lease works, goods or services. They will also make it easier for small and medium-sized firms to bid and include tougher provisions on subcontracting.**

The new legislation, already agreed with Council in June 2013, overhauls the current EU public procurement rules and for the first time sets common EU standards on concession contracts to boost fair competition and ensure best value for money by introducing new award criteria that place more emphasis on environmental considerations, social aspects and innovation.

Public authorities spend around 18% of GDP on procuring works, goods or services, making procurement a powerful lever for achieving specific societal goals. "The new rules send a strong signal to citizens, who have the right to see public money used effectively," said Parliament's rapporteur for procurement, Marc Tarabella (S&D, BE).

"New rules on concessions contracts are also a strong signal in favour of a reinforcement of the internal market. They set up a healthy economic environment from which all actors, including public authorities, economic operators and, in the end, EU citizens, will benefit: now the rules of the game will be known to everyone," added Philippe Juvin (EPP, FR), rapporteur for concessions contracts.

### **Best value for money**

Thanks to the new criterion of the "most economically advantageous tender" (MEAT) in the award procedure, public authorities will be able to put more emphasis on quality, environmental considerations, social aspects or innovation while still taking into account the price and life-cycle-costs of what is procured. "The new criteria will put an end to the dictatorship of the lowest price and once again make quality the central issue," Mr Tarabella explained.

### **More innovative solutions**

MEPs successfully championed the introduction of an entirely new procedure to strengthen innovative solutions in public procurement. The new "Innovation Partnership" will allow public authorities to call for tenders to solve a specific problem without pre-empting the solution, thus leaving room for the contracting authority and the tenderer to come up with innovative solutions together.

### **Less red tape for bidders and easier access for smaller companies**

The bidding procedure for companies will be simpler, with a standard "European Single Procurement Document" based on self-declarations. Only the winning bidder will have to provide original documentation. This should reduce the administrative burden on companies by over 80%, the Commission estimates. The new rules also encourage the division of contracts into lots to make it easier for smaller firms to bid.

### **Tougher rules on subcontracting**

To fight social dumping and ensure that workers' rights are respected, the new laws will include rules on subcontracting and tougher provisions on "abnormally low bids". Contractors that do not abide by EU labour laws may be excluded from bidding.

### **No push to privatise public services**

The deal on new EU rules for concessions stresses that member states remain free to decide how they want public works or services to be performed – in-house or outsourced to private companies. The new directive "does not require the privatisation of public enterprises providing services to the public", the text adds. In addition, MEPs acknowledged the special nature of water as a public good and therefore accepted the exclusion of this sector from the scope of the new rules.

### **Next steps**

The directives will enter into force 20 days after publication in the Official Journal of the European Union. After this date, member states will have 24 months to implement the provisions of the new rules into national law.

The agreement on the directive on public procurement was adopted by 620 votes in favour, 31 against and 30 abstentions.

The agreement on the 'utilities' directive was adopted by 618 votes in favour, 36 against and 26 abstentions.

The agreement on the directive on concession contracts was adopted by 598 votes in favour, 60 against and 18 abstentions.

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### **Contacts**

#### **Gediminas VILKAS**

Press Unit

[Telephone number](tel:+3222846396)(+32) 2 28 46396 (BXL)

[Telephone number](tel:+33388164504)(+33) 3 881 64504 (STR)

[Mobile number](tel:+32498983330)(+32) 498 98 33 30

[imco-press@europarl.europa.eu](mailto:imco-press@europarl.europa.eu)

[Twitter@EP\\_SingleMarket](https://twitter.com/EP_SingleMarket)

#### **Rikke ULDALL**

Press Unit

[Telephone number](tel:+3222842976)(+32) 2 28 42976 (BXL)

[Telephone number](tel:+33388172033)(+33) 3 881 72033 (STR)

[Mobile number](tel:+32498983257)(+32) 498 98 32 57

[imco-press@europarl.europa.eu](mailto:imco-press@europarl.europa.eu)

[Twitter@EP\\_SingleMarket](https://twitter.com/EP_SingleMarket)

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