



European
Commission

International Procurement Instrument

The **EU public procurement market is one of the largest and most accessible in the world.**

In Europe, companies from other countries can bid for public tenders on an equal footing with European companies.

However despite this openness, many of the EU's major trading partners apply restrictive practices in their markets that discriminate against EU businesses.

These restrictions affect competitive EU sectors such as construction, public transport, medical devices, power generation and pharmaceuticals.



Public procurement is about how public authorities spend public money to buy goods and services. This can range from buying computers, to building a road or managing a transport network. Public procurement represents a significant part of national economies.



€2.4 TRILLION

EU procurement market - open to bidders from all around the world



€8 TRILLION

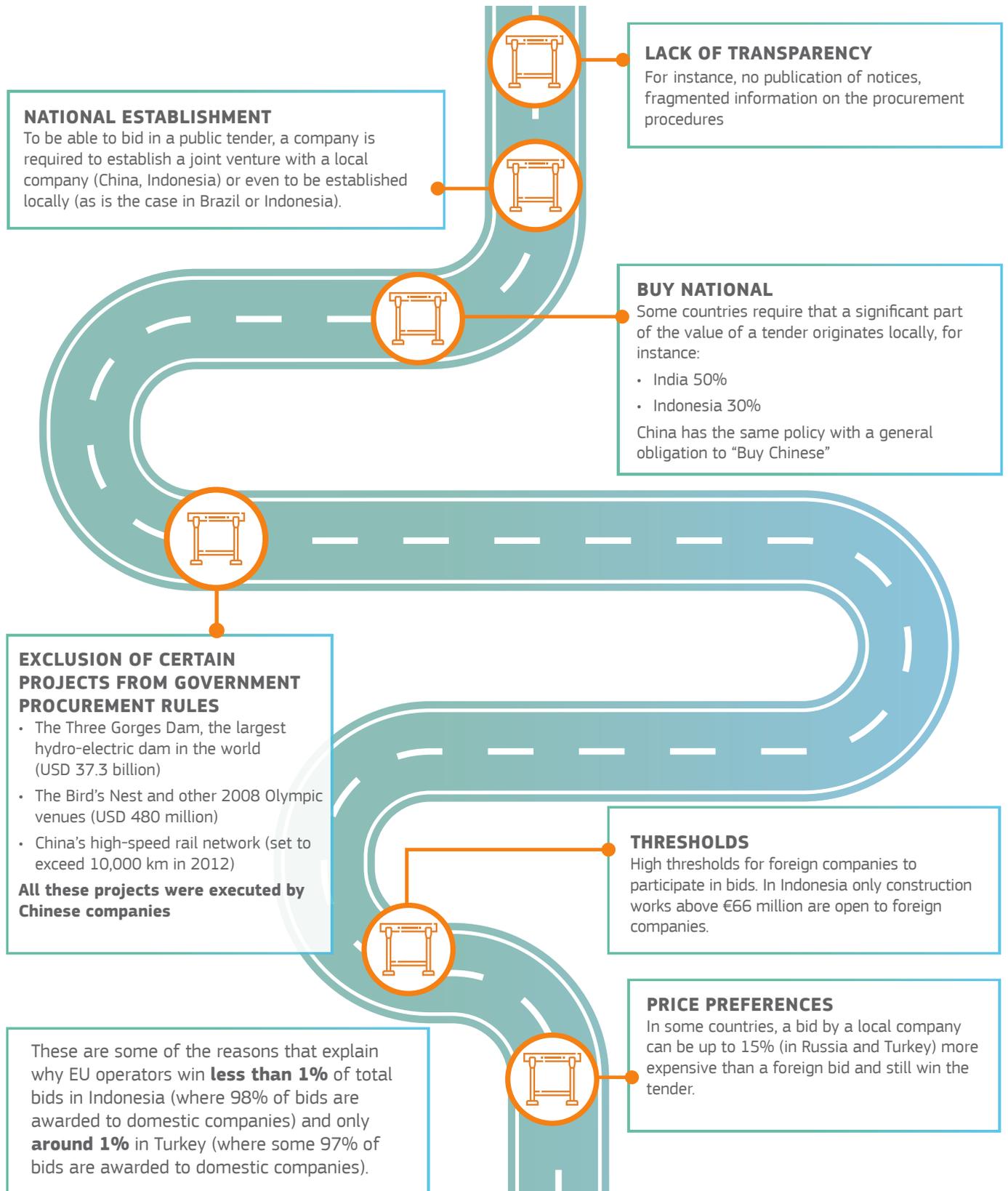
worldwide procurement market - more than half is closed to European companies



€10 BILLION

EU companies win only a tiny bit of the world's procurement market per year

European public procurement rules are transparent, non-discriminatory and do not differentiate between EU and non-EU economic operators. However, access to procurement markets in other countries is often a hurdle race for EU companies:



While the EU procurement market is accessible to foreign companies...



CHINA



Road bridge construction in Croatia
€ 345,000,000



Construction work for water projects in Poland
€ 53,000,000



TURKEY



Gas pipelines in Romania
€ 127,000,000



NORWAY



High-voltage cable in Greece
€ 111,000,000

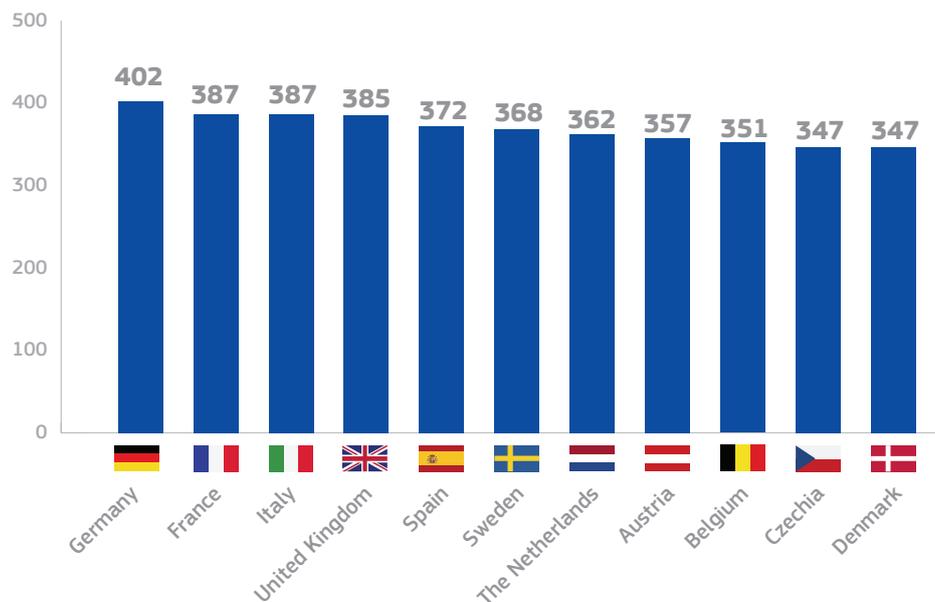


SWITZERLAND



Railway and tramway locomotives and rolling stock in Italy
€ 115,000,000

...EU countries are among the most affected worldwide by discriminatory measures in public procurement



Number of discriminatory measures affecting EU Member States in the access to public procurement markets of non-EU countries

SOURCE: GTA database 2017

The case of CHINA

There is no transparent and comprehensive information on the procurement market in China. Its total value is estimated to be in the magnitude of €1.4 trillion (2013). China is not bound by any international commitment when conducting public procurement. Most of the procurement in China is conducted by State Owned Enterprises.

Unlocking Public Procurement Opportunities

The EU has long been a strong advocate for an ambitious opening of international public procurement markets.

- **At global level**, the EU is part of the **Agreement on Government Procurement** concluded in the World Trade Organisation framework. It allows EU companies to bid for certain public contracts of 18 other WTO partners. However, countries like China and India, with some of the world's largest public procurement markets, have not signed up.
- **Bilaterally**, the EU has agreements with countries across the world to ensure European companies better conditions when it comes to public procurement. That is the case of the recent trade agreements with Canada and Japan: EU companies can now bid for public tenders not only at federal but also at **provincial and local level in Canada and in 54 major Japanese cities**. Provisions on public procurement are also included in other trade agreements currently under negotiation, for instance with Mercosur (Argentina, Brazil, Paraguay and Uruguay).

Ensuring more reciprocity – the International Procurement Instrument

The EU needs to shift into offensive gear to ensure reciprocity and tackle protectionism in access to procurement markets in third countries.

This could be achieved provided that the European Parliament and Council approve the revised proposal for an International Procurement Instrument presented by the Commission in 2016. **The Commission calls on both institutions to restart discussions and adopt this proposal before the end of 2019.**

How would it work?



The International Procurement Instrument would:

- **provide leverage for the EU while negotiating market opening with third countries;**
- **enforce the principle of balanced reciprocal market access for EU business to third countries' procurement markets;**
- **improve the level playing field.**