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Public tenders should look at more than just cheapest price, MEPs say

- · Focus should be on best price/quality ratio, not just cheapest price
- New rules should encourage small and medium-sized enterprise (SME) participation, cross-border tenders and buying European
- 907 pages of public procurement law need to be replaced by shorter, simpler rules

Parliament's Committee on the Internal Market and Consumer Protection adopted a report today outlining its priorities for the revision of the public procurement framework.

With this own-initiative report, the Committee is setting out MEPs' expectations of the Commission ahead of its legislative overhaul of the current public procurement rules, expected by the end of 2026.

Best price/quality ratio, not just cheapest price

One of the MEPs' main messages is that public tenders should no longer focus on the cheapest offers only. When an initial project is very cheap, later on mandatory maintenance costs may prove considerably higher than they would have been for alternative projects. Furthermore, cheaper materials can result in environmental harm, and conditions may be very poor for workers employed on low-cost projects. The MEPs want the Commission to give other criteria, such as social and environmental ones, heavier weight in public tenders.

Simplification and encouraging SME participation in tenders

Another thing the Commission must really focus on, say MEPs, is making it easier for SMEs to take part in tender processes. Currently, SMEs find it nearly impossible to compete in big tenders, as they may be able to fit one building with their products, for example, but no more. To



encourage SME participation, tenders should be split into smaller lots and the rules should be made simpler and clearer.

There are more than 476 articles and 907 pages of law regulating public tenders. This is challenging for all companies, but especially for SMEs. MEPs want the Commission to find a way to simplify and clarify the rules, while making sure contracting authorities retain flexibility and the rules govern only how to buy, not what to buy.

Prefer European and in-house workers, raise thresholds

MEPs also say that public authorities should be able to prefer projects that enliven local economies and businesses. As supporting European companies is especially important in strategic sectors, the Commission should look for ways to enable this without resorting to protectionism.

The report also stresses that the Commission should consider an option to prefer tenderers who use in-house workers, to avoid complicated subcontracting schemes that result in weak accountability and risk labour rights violations.

Finally, MEPs support changing the price thresholds that regulate the choice of procurement procedure, because significant inflation has driven construction costs up in the EU.

Quote

Parliament's rapporteur for the file, Piotr Müller (ECR, PL), said after the vote: "The new public procurement procedure should be used to regulate processes, not to implement every possible policy. That is why we are proposing simplification, genuine digitalisation and transparent regulations. New regulations must be reviewed for their impact on small businesses – if they make it more difficult for small businesses to participate in tenders, they need to be changed. Otherwise, we will end up with a system that excludes those who need it most."

Next steps

The draft report was adopted in the committee by 34 in favour, 13 against and 2 abstentions. It will now have to be put to a plenary vote, most likely in September.

Further information

Procedure file Compromise amendments Rapporteur Piotr Müller (ECR, PL)



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