



“The voice of SMEs in Europe”

Press Release

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Administrative rules a key obstacle to SME-friendlier public tenders

- Existing legislation on public procurement already provides unexploited possibilities
- Right incentives must be given by policymakers at all levels to procurement agencies

Brussels, 8 May 2007. Burdensome administrative regulations and overzealous internal rules for procurement officers are among the main barriers to SMEs’ access to public tenders, according to UEAPME, the European craft and SME employers’ organisation. Speaking at a hearing organised by the European Parliament’s Internal Market Committee today (1), UEAPME Director for Economic and Fiscal Policy **Gerhard Huemer** invited policymakers at all levels to step up to the plate and provide the right incentives to procurement offices to enhance SMEs’ participation in public tenders.

The European legal framework on public procurement does not discriminate against SMEs per se, explained Mr Huemer, although there is room for improvement on aspects such as pre-notification of tenders and subcontracting. On the contrary, a wide range of measures facilitating SMEs’ access to public procurement is already available and allowed by current legislation. For instance, the existing rules consent tendering in smaller lots, a compulsory minimum number of SMEs invited to tenders, centralised information channels and the use of consortia. However, the potential of such instruments remains often untapped due to administrative obstacles.

Procurement offices, for example, are often forced to buy the cheapest and/or the most well-known product or service on the market by strict control instruments such as financial audits. This behaviour discriminates against innovative SMEs, which are not usually market leaders in their sector. Moreover, tendering agencies are usually kept unconnected to beneficiary entities and cannot therefore properly estimate the value of life-cycle costs and investments. *“The instruments allowed by the current legislation on public procurement will not be used in these circumstances, unless clear signals are given by policymakers to procurement offices”*, stated Mr Huemer. *“This is true for all administrative stages, be it at European, national, regional or local level”*, he continued.

The internal rules of procurement offices should therefore be reviewed, went on Mr Huemer. Since improving the participation of SMEs to public tenders might create some additional work, such facilitations will only take place if they are part of the internal regulations for procurement offices. Financial liabilities are an additional aspect to be considered: public contracts can be monetarily burdensome for SMEs, since public authorities are not known as early and prompt payers and tend to require significant financial guarantees. Public contractors should therefore fully comply with the existing “late payment” regulations and limit the recourse to financial guarantees as much as possible.

Mr Huemer completed his intervention by insisting on the necessity to improve SMEs’ access to tender information, particularly in countries with decentralised procurement practices. Business associations and chambers can also play an important role, both as information providers and as counterparts to public authorities in demanding friendlier procedures and elaborating minimum standards on issues such as subcontracting.

“European crafts and SMEs do not need more ‘hard law’ in the public procurement arena. All they require is a better and SME-friendlier application of the existing legislation, as well as an adapted body of ‘soft law’ providing the right incentives for procurement offices. This will not happen unless politicians stand by their responsibilities and act accordingly – there must be a clear political will to achieve results”, he concluded.

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(1) http://www.europarl.europa.eu/comparl/imco/public_hearings/070508_sme_programme_en.pdf

EDITORS’ NOTES: UEAPME is the employers’ organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 81 member organisations, which represent crafts and SMEs across Europe, covering over 11 million enterprises with 50 million employees. UEAPME is a European Social Partner. More information: <http://www.ueapme.com>

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