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From: General Secretariat of the Council
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To: Permanent Representatives Committee

Subject: *Preparation for the Council (Competitiveness (Internal Market, Industry), 22 May 2025*
Public procurement - strategic goals and way forward
- Policy debate

Delegations will find in the ANNEX a Presidency Note on *Public Procurement - strategic goals and way forward*, with a view to the policy debate at the Competitiveness Council on 22 May 2025.

DISCUSSION PAPER

Meeting of the Competitiveness Council

Brussels, 22 May 2025

Public procurement – strategic goals and way forward*Public procurement in EU*

Public procurement in the EU represents approximately 15% of the EU's Gross Domestic Product (GDP). It is an important part of the EU internal market with over 250,000 public authorities collectively spending around €2.3 trillion annually on services, works, and supplies.

Public procurement rules in the EU Member States are shaped by the EU regulatory framework with the objective to establish an internal market for public contracts by removing barriers in the internal market, while respecting the EU's international obligations. Since their first adoption in the early 1970s, the EU public procurement rules have been constantly evolving and their scope has expanded, now covering a wide range of sectors. Specific sectors, such as utilities (water, energy, transport, and postal services) and defence and security, are subject to their own Directives. Others fall under the general framework of Public Procurement legislation. The EU also regulates the award of concessions, including works and service concessions.

The main EU public procurement legal framework¹ is based on the principles of the Treaty on the Functioning of the European Union (TFEU), and, in particular, on free movement of goods, freedom of establishment and the freedom to provide services, as well as on the principles of equal treatment, non-discrimination, mutual recognition, proportionality and transparency. The public procurement rules set minimum standards and harmonised provisions for the public authorities when they purchase goods, works, and services across the EU.

¹ Directives 2014/24/EU, 2014/25/EU, 2014/23/UE, 2009/81/EC - https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=legisum:180203_1

The 2014 EU public procurement reform of the Directives enabled a strategic use of public procurement in order to achieve social and public policy objectives. Simplification of the procurement process with reduction of the administrative burden was also a leading objective of the 2014 reform.

Recent development

The legal framework for public procurement in the EU is no longer governed solely by the Public Procurement Directives. Public procurement has been increasingly used as a policy tool.

The proliferation of new public procurement provisions adopted in recent years in sectoral legislation, like the Net Zero industry Act, Energy Efficiency Directive and 30+ other directives and regulations² have added also new strategic tasks to the public procurement framework, moving it beyond a procedural approach of ‘how to buy’ towards a more prescriptive one of ‘what to buy’. Further requirements for some selected products will be inserted in delegated and implementing acts on the legal basis of the sectoral legislation.

Way forward proposed by the Commission

The new Commission’s Communication ‘A Competitiveness Compass for the EU’³ includes a proposal for revision of the Public Procurement Directives. It also indicates that the revision will aim to reinforce technological security and domestic supply chains, as well as simplify and modernise the rules, in particular for start-ups and innovative companies, and protect and promote clean tech and decarbonised manufacturing in the EU. The Commission will propose the introduction of European preference in public procurement for strategic sectors and technologies.

² ST 8658/25

³ COM(2025) 30 Final

The Commission has confirmed the commitment to revise the Public Procurement Framework, planned for the fourth quarter of 2026, in ‘The Clean Industrial Deal’⁴ (CID) underlying, *inter alia*, the need to include mandatory sustainability, resilience, and European preference criteria for certain strategic sectors in the main EU public procurement legislation.

Nevertheless, the above-mentioned roadmaps pre-announced several additional sectoral legislative initiatives, such as the Critical Medicines Act (CMA)⁵, the Industrial Decarbonization Accelerator Act (IDAA), and the Circular Economy Act (CEA), that would contain additional public procurement provisions in order to incentivise innovation, support green industries, promote resilience and enhance international competitiveness of the EU, and apply EU preference in public procurement.

Public procurement policy debate: strategic goals and way forward

The EU faces rapid changes with geopolitical shifts and technological progress. The green transition demands a more agile and constructive approach too. The suggested way forward presented by the Commission raises the question about the main objectives of public procurement in the EU.⁶

The concept of strategic public procurement is developing dynamically in the EU and is being used to address an increasing range of EU policy areas, implemented through a growing number of sectoral EU legal instruments, as well as in the national strategies of the Member States. The procurement priorities have consequently become intertwined with new industrial policies other than creating and maintaining the single market. Such a shift also implies a trade-off between sustainability, resilience, and rising prices in public procurement, on the one side, and efficiency, regulatory simplicity, and competition, on the other.

⁴ COM(2025) 85 Final

⁵ COM(2025) 102 Final

⁶ The necessity for a policy debate at the Competitiveness Council is the result of the discussions at the meeting of the High Level Group of the Council Working Party on Competitiveness and Growth on 29 April 2025, as well as at the meetings of the Working Party on Competitiveness and Growth (Public Procurement) on 30 January and 7 March 2025.

Competition is a key driver of competitiveness and plays a crucial role in achieving the strategic goals of the EU, including sustainable economic growth. Declining competition in public procurement⁷ should be a worrying sign of problems that need to be addressed.

Indicators of the Single Market and Competitiveness Scoreboard⁸ show that the situation of the competition in public procurement differs significantly across Member States as well as between regions within Member States, which should be taken into account when addressing the problems.

Strategic public procurement should be used to enhance cohesion, strategic autonomy and sustainability in the EU. However, the deteriorating coherence of public procurement legal environment through the proliferation of sectoral legislation with public procurement provisions and declining competition in public procurement raises the question of whether the current public procurement legal framework has become too burdensome, complex and lacking focus. For example, to purchase a bus, a public contracting authority would need to adhere to 17 different pieces of European legal acts. The ongoing evaluation and the upcoming revision of the public procurement rules should therefore better support the EU's ability to act with speed and stronger strategic focus.

The objectives which should guide the revision of the procurement Directives remain to be decided, including more specific issues such as, *inter alia*, to what extent these should be fixed at EU level and what level of flexibility in defining the strategic goals of the revision should be left to the Member States, the contracting authorities and the contracting entities closest to the relevant market.

⁷ European Court of Auditors Special Report 28/2023: *Public procurement in the EU – Less competition for contracts awarded for works, goods and services in the 10 years up to 2021*

⁸ [The Single Market and Competitiveness Scoreboard | Single Market and Competitiveness Scoreboard](#)

Questions for discussion:

1. How should the multiple and evolving strategic goals of the EU (competition, sustainability including its economic, green and social aspects, resilience, innovation, security, safety, competitiveness) be pursued and prioritised through public procurement?
 2. Should these goals be prioritised at EU level or should the contracting authorities retain certain flexibility in deciding which objectives to pursue and how, in line with their national/regional strategies?
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