

FINAL REPORT CROSS-BORDER PROCUREMENT ABOVE EU THRESHOLDS



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CONTENTS

Executive Summary	8
1. Introduction	15
2. Analysis of import penetration	17
2.1 Approach	17
2.1.1 Definition of the public sector	17
2.1.2 Empirical results on the extent of the public sector	18
2.2 Overall import penetration in the public sector	21
2.2.1 Cross-border procurement in the light of the input-output framework	21
2.2.2 Import penetration in the EU and selected countries	23
2.2.3 Intra-EU and extra-EU imports of EU Member States	26
2.3 Import penetration of public sector by product groups	29
2.3.1 Ranking procedures	29
2.3.2 Top ten in the light of different ranking indicators	30
2.3.3 Import penetration of products where public purchasing accounts is important for demand	33
3. Measurement of cross-border procurement	35
3.1 Different types of cross-border procurement	35
3.2 Overall shares of cross-border procurement	36
3.3 Direct cross-border procurement and indirect cross-border procurement through affiliates in detail	38
3.3.1 Developments over time	38
3.3.2 Differences between EU and EEA Member States	40
3.3.3 Different economic operators	55
3.3.4 Classical and Utilities Directive	58
3.3.5 Type of contract (works/supplies/services)	60
3.3.6 Products	65
3.3.7 Other factors	70
4. Explanatory factors for cross-border procurement	76
4.1 Influence of multiple factors	76
4.1.1 Compound (multivariate) analysis	76
4.1.2 Role of language barriers	79
4.1.3 Role of geographic proximity	80
4.2 The business perspective (sell side)	83
4.2.1 Basic information about the respondents of the survey	83
4.2.2 Experience with public procurement	87
4.2.3 Businesses' experience with cross-border bids	88
4.2.4 Types of businesses that are more active and more successful with cross-border bidding	94
4.3 Contracting authorities' perspective (buying side)	95
5. Conclusion	97
6. Methodological Notes	99
6.1 Evaluation of TED data	99
6.1.1 Approach	99
6.1.2 Estimating the extent of direct cross-border procurement and indirect cross-border procurement through affiliates	104
6.2 Survey of economic operators	105
6.2.1 Approach	105
6.2.2 Estimating the extent of indirect cross-border procurement through consortia and subcontracting	106
6.2.3 Estimating the extent of indirect cross-border through wholesalers/distributors	109
7. Data annex	112
7.1 Analysis of import penetration	112
7.2 Direct cross-border procurement and indirect cross-border procurement through affiliates	135

SUPPLEMENT

Questionnaire for survey of economic operators

INDEX OF TABLES

Table 1: Import penetration by public and private sector	9
Table 2: Classification of the public sector for the primary analysis	18
Table 3: Size of public and private sector in 2005 (without land transport)	19
Table 4: Public and total demand by product in 2005	20
Table 5: Availability of symmetric input-output and import tables	23
Table 6: Import penetration of public and private sector by countries (2005)	24
Table 7: Import penetration of public and private sector in comparison	25
Table 8: Intra-EU imports as measured by external trade and input-output data (2005)	27
Table 9: Intra- and extra-EU imports of EU Member States in 2005	28
Table 10: Extra EU imports by selected suppliers in 2005	29
Table 11: Top 10 products imported by the public sector in 2005 (by import volumes)	31
Table 12: Top 10 products in by ranking approach (2005)	33
Table 13: Top 10 products by total demand of public sector (2005)	34
Table 14: Import penetration of top 10 products (2005)	34
Table 15: Direct and indirect cross-border procurement (no. of awards)	38
Table 16: Direct and indirect cross-border procurement (contract values)	38
Table 17: Direct cross-border procurement 2002-2004 (no. of awards)	39
Table 18: Direct cross-border procurement 2002-2004 (contract values)	39
Table 19: Cross-border procurement across Member States	41
Table 20: Size in terms of GDP and cross-border procurement (no. of awards)	43
Table 21: Relationship of population and cross-border procurement (no. of awards)	44
Table 22: Cross-border procurement in old and new Member States (no. of awards)	46
Table 23: Who buys where – direct – Member States (no. of awards)	47
Table 24: Who buys where – indirect through affiliates – Member States	49
Table 25: Who buys where – direct – non Member States (no. of awards)	51
Table 26: Who buys where – indirect through affiliates – non Member States (no. of awards)	52
Table 27: Who sells where (no. of awards)	53
Table 28: SME Definition	56
Table 29: SMEs' share of public procurement (no. of awards)	56
Table 30: SMEs' share of public procurement (contract values)	56
Table 31: Indirect cross-border procurement through affiliates (2006)	57
Table 32: Subcontracting and cross-border procurement (no. of awards)	58
Table 33: Classical and Utilities Directives and cross-border procurement (no. of awards)	59
Table 34: Directives and cross-border procurement (contract values)	59
Table 35: Contract types and cross-border procurement (no. of awards)	60
Table 36: Contract types and cross-border procurement (contract values)	60
Table 37: Service categories and cross-border procurement (no. of awards)	63
Table 38: Service categories (contract values)	64
Table 39: Product groups (CPV divisions) and cross-border procurement (no. of awards)	66
Table 40: Type of contracting authority and cross-border procurement (no. of awards)	70
Table 41: Type of contracting authority (contract values)	71
Table 42: Main activity of contracting authority (no. of awards)	72
Table 43: Framework agreements, dynamic purchasing systems (no. of awards)	72
Table 44: Type of procedure and cross-border procurement (no. of awards)	73
Table 45: Type of procedure (contract values)	74
Table 46: Award criteria and cross-border procurement (no. of awards)	74

Table 47: Projects financed by community funds (no. of awards)	75
Table 48: Factors with influence on direct cross-border procurement in detail	77
Table 49: Cumulative shares of awarded contracts in relation to distance	81
Table 50: Country average on awarding distance	83
Table 51: Sample distribution by Member State	83
Table 52: Influence on participation and success rate	94
Table 53: Original population	101
Table 54: Sample delivered to D&B	102
Table 55: Matched awards reflecting weighting factors	103
Table 56: Direct cross-border procurement and indirect cross-border procurement through affiliates	104
Table 57: Direct cross-border procurement and indirect cross-border procurement through affiliates 2007-2009 (contract values)	104
Table 58: Population and businesses surveyed	106
Table 59: Calculation of indirect cross-border procurement through subcontractors and consortia (by number of respondents)	108
Table 60: Calculation of indirect cross-border procurement through subcontractors and consortia (by contract values)	108
Table 61: Total contract value in regard to company sizes and sectors	109
Table 62: Share of total contract value relative to company sizes and sectors	110
Table 63: Extent of imports by sectors and company sizes (in %)	110
Table 64: Extent of imports by sectors and company sizes (in %) weighted by shares on total contract values	111
Table 65: Size of public and private sector in 2000 (without land transport)	112
Table 66: Public and total demand by product in 2000	113
Table 67: Re-calculated import penetration of public sector	115
Table 68: Import penetration of public and private sector by country (2000)	117
Table 69: Import penetration of public and private sector by country (1995)	118
Table 70: Change in import penetration in 2005 over 2000	119
Table 71: Change in import penetration in 2000 over 1995	120
Table 72: Change in import penetration in 2005 over 1995	121
Table 73: Intra EU imports in the light of different statistical sources (2000)	122
Table 74: Intra and extra EU imports of EU Member States in 2000	123
Table 75: Extra EU imports by selected supplier in 2000	124
Table 76: Top 10 products imported by the public sector in 2005 (by country shares)	125
Table 77: Top 10 products imported by the public sector in 2005 (by EU shares)	127
Table 78: Top 10 products imported by the public sector in 2000 (by country shares)	129
Table 79: Top 10 products imported by the public sector in 2000 (by import volumes)	131
Table 80: Top 10 products imported by the public sector in 2000 (by EU shares)	133
Table 81: Cross-border procurement by Member State (no. of awards and by share of direct and indirect)	136
Table 82: Cross-border procurement by Member State (contract values)	138
Table 83: SMEs' share of direct cross-border procurement (no. of awards and by size of company)	140
Table 84: Classical and Utilities Directives by Member State (no. of awards)	141
Table 85: Classical and Utilities Directives by Member State (contract values)	142
Table 86: Contract types by Member State (no. of awards)	143
Table 87: Contract types by Member State (contract values)	145

INDEX OF FIGURES

Figure 1: Different types of cross-border procurement and data sources	10
Figure 2: Direct cross-border procurement by Member State (no. of awards)	11
Figure 3: Factors with influence on direct cross-border procurement	13
Figure 4: Businesses' view on several possible obstacles to cross-border bidding	14
Figure 5: Different types of cross-border procurement and data sources	35
Figure 6: Overall shares of cross-border procurement (no. of awards)	37
Figure 7: Overall shares of cross-border procurement (contract values)	37
Figure 8: Direct and indirect cross-border procurement 2007 to 2009	39
Figure 9: Direct cross-border procurement across Member States (no. of awards)	42
Figure 10: Indirect cross-border procurement through affiliates across Member States (no. of awards)	42
Figure 11: Relationship between GDP and cross-border procurement (no. of awards)	44
Figure 12: Size in terms of population and cross-border procurement (no. of awards)	45
Figure 13: Direct cross-border procurement by regions (no. of awards)	54
Figure 14: Direct cross-border procurement (central/western Europe)	55
Figure 15: Influence of number of bids on cross-border procurement (no. of awards)	75
Figure 16: Factors with influence on direct cross-border procurement	79
Figure 17: Business view on language barriers	80
Figure 18: Distribution of awards in relation to distance	81
Figure 19: Distribution of awards in the field of works, services, and supplies	82
Figure 20: Number of employees	84
Figure 21: Turnover with clients from abroad	84
Figure 22: Turnover with clients from public sector	85
Figure 23: Sectors	85
Figure 24: Foreign affiliates	86
Figure 25: Level of competition	86
Figure 26: Experience with public procurement	87
Figure 27: Success rates	88
Figure 28: Businesses' view of different ways of bidding cross-border	89
Figure 29: Businesses' view on different ways of bidding cross-border by company size	90
Figure 30: Businesses' view on different kind of procedures	91
Figure 31: Businesses' view on several possible obstacles to cross-border bidding	92
Figure 32: Businesses' view on contracting authorities' preference of domestic bidders	95
Figure 33: Businesses' experience with different types of cross-border bidding	107
Figure 34: Business' feedback on the share of goods imported	109

EXECUTIVE SUMMARY

Introduction

This study aims to update the measurement of public cross-border procurement in Europe. The measurement distinguishes between direct and indirect cross-border procurement. Cross-border procurement is not only estimated in this exercise but also evaluated and explained.

The study deals exclusively with procurement above EU thresholds. The public procurement market below EU thresholds might be significantly different from what has been observed above EU thresholds.

The exercise is to serve as an input for an evaluation of public procurement policy to be conducted by the European Commission.

Analysis of import penetration

The import penetration of the EU Member States and seven selected non-member countries has been analysed at a macroeconomic level using input-output tables and the Comext database (External Trade Statistics) as the starting point.

During the period 1995 to 2005, the ratio of imports to total demand in the EU economy increased from 14.1% to 17.4%. As a general rule, the economies of large countries exhibit lower import penetration than the economies of small countries. The four largest economies of the European Union have the lowest levels of import penetration. In contrast, small countries exhibited the highest. Included within this group are the majority of the new Member States. The non-Member States also follow the ranking by size.

Inside the European Union, import penetration differs significantly between the public sector – which is the sector, broadly speaking, covered by the procurement rules discussed in this study – and private sector. The same holds true of the non-EU countries selected. In 2005, import penetration in the European Union public sector was 7.5%, whereas in the private sector 19.1% of the absorbed goods were imported.

The public sector of the European Union accounted almost 13.8% of total demand for goods and services in 2005.

Comparing the data for 1995, 2000 and 2005, there is clear trend of increasing import penetration in both the public and the private sectors. However, the import penetration of the public sector has increased more rapidly than that of the private sector. Between 2000 and 2005, public sector import penetration increased from 6.5% to 7.5%, while private sector import penetration rose from 18.7% to 19.1%, so the gap between the two sectors fell by 0.6 percentage points.

However, this difference between the public and private sectors is largely due to differences in the kinds of goods, services and works procured. If the public sector were to purchase the same proportion of each product as the private sector, import penetration in the public sector would hypothetically increase to 18.2%. This is also shown by the following table.

Table 1: Import penetration by public and private sector

Import penetration	Total economy	Public sector	Private sector	Difference (percentage points)	Re-calculated public sector	Hypothetical difference (percentage points)
2005	17.4%	7.5%	19.1%	11.6	18.2%	0.9

Data for the US, Japan and China shows trends similar to that in the European Union. Import penetration has risen in both the public as well as the private sector. However, in Canada and Norway, the trend was the other way: the import penetration rate has fallen. In those countries, the gap between the import penetration rate of the public and private sectors narrowed. In Norway, that gap halved.

An explanation for rising import penetrations is that the production process of tradable goods is increasingly fragmented along the value chain. As part of the globalisation of economies, different parts of the value chain are transferred to different countries. As a result of these outsourcing and off-shoring activities different components cross national borders during the production processes. This growing intra-industrial trade adds momentum to private sector international trade.

Our analysis reveals that the import penetration of products where public purchasing accounts for a large part of demand is lower in the case of both the public sector and the private sector than the sector-specific average. That means that private purchasers also show a lower propensity to import these products. Thus, the overall lower import penetration of the public sector could be at least partially explained by the characteristics of the goods and services predominantly purchased by the public sector and not only by the type of purchasers.

The products imported by EU countries for use in the public sector come from both the Member States of the European Union (intra-EU imports) and from outside the EU (extra-EU imports). The data show that the share of intra-EU imports in total imports fluctuates. This is true both of the European Union as a whole as well as for the reporting countries. Between 1995 and 2005 the average share of intra-EU imports in the reporting countries ranged from 60-65%.

Analysis of the external trade statistics shows that in 2000, 50.9% of all extra-EU imports came from six countries: Canada, China, Japan, Norway, Switzerland and the US. By 2005, this figure had dropped to 42.5%. These are the six countries selected for systematic comparisons in this study.

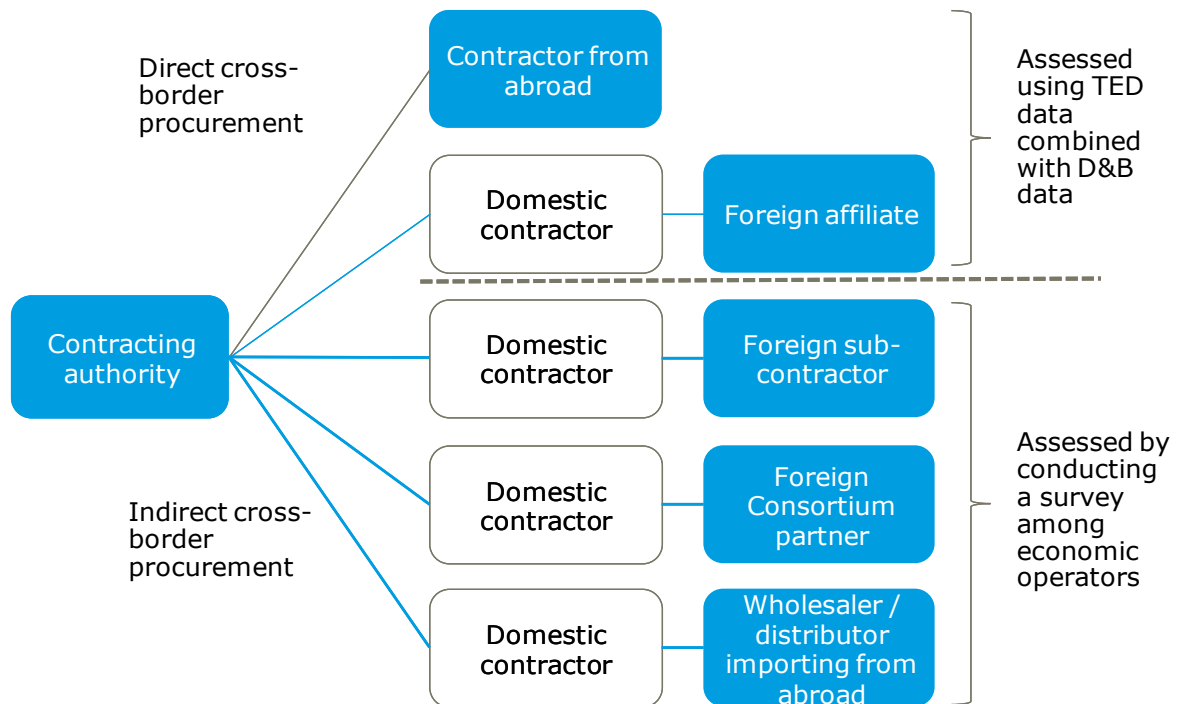
Analysis of direct and indirect cross-border procurement

The measurement in this study distinguishes between direct and indirect cross-border procurement.

- *Direct cross-border procurement:*
 - occurs when firms operating from their home market bid and win contracts for invitations to tender launched in another Member State.
- *Indirect cross-border procurement* arises when:
 - firms bid for contracts through subsidiaries, i.e. when their foreign affiliates bid for tenders launched by authorities of a country different from the home country where the firm has its headquarters or where the parent company is located,
 - domestic bidders (prime contractor) include foreign subcontractors,
 - foreign bidders submit offers in consortia with local firms in order to participate in competitive procurement,
 - a domestic firm imports goods in order to supply them to a contracting authority or entity.

This is also illustrated by the following figure.

Figure 1: Different types of cross-border procurement and data sources



The main data sources used for the measurement were:

- Tenders Electronic Daily database (TED): this was used to estimate direct and indirect cross-border procurement through affiliates. Direct bidding was identified by comparing the postcodes of awarding authorities and the successful bidders;
- Dun & Bradstreet (D&B) data on intercompany relationships: this was used to enrich the assessment of cross-border activity through affiliates.
- an additional survey of economic operators in 12 selected Member States: this was used to measure indirect cross-border procurement through subcontractors, consortia and wholesalers/distributors.

The calculations resulted in the following shares of cross-border activity in 2007 to 2009 by type of procurement by number of awards:

- Direct cross-border procurement: 1.6%
- Indirect through affiliates: 11.4%
- Indirect through subcontractors: 1.0%
- Indirect through consortia: 0.3%
- Indirect through wholesalers/distributors: 11.9%

In terms of total contract values, the shares were:

- Direct cross-border procurement: 3.5%
- Indirect through affiliates: 13.4%
- Indirect through subcontractors: 0.2%
- Indirect through consortia: 0.1%
- Indirect through wholesalers/distributors: 11.9%

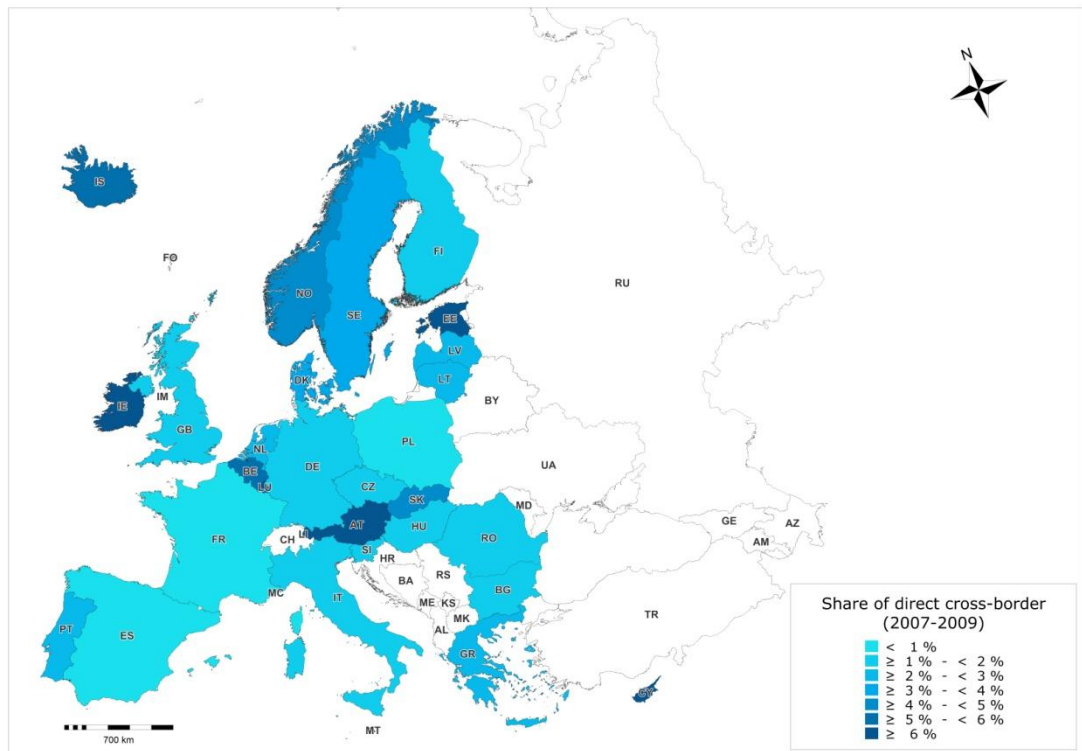
To sum up, comparing public and private sector a similar level of import penetration is observed when taking into account the different set of goods/services/works consumed. The public sector procures its goods/services/works from abroad mainly indirectly cross-border: Only a small share of contracts is awarded directly cross-border. A higher share of contracts is awarded indirectly

cross-border through the different ways of indirect cross-border procurement (especially through affiliates and through wholesalers/distributors).

There are no significant differences between 2007 and 2009.

The following map shows in graphic form the share of direct cross-border procurement by Member State.

Figure 2: Direct cross-border procurement by Member State (no. of awards)



The map was created with RegioGraph.

The larger a country's population, the smaller is the share of direct cross-border procurement. This is in line with economic theory. As a rule the economy of large countries tend to exhibit a lower import penetration than the economy of small countries.

A comparison between new and old Member States shows that the share of direct cross-border procurement is 0.6 percentage points higher in the new Member States. However, the share of indirect cross-border procurement through affiliates is 9.2 percentage points higher in the old Member States.

Geography and/or a common or similar language seem to have an influence on the extent of direct cross-border procurement. For example, 75% of all contracts awarded directly cross-border by contracting authorities in Ireland and 37% of all contracts awarded directly cross-border by contracting authorities in Malta are awarded to economic operators in the United Kingdom.

Of all direct cross-border procurement by Member States' contracting authorities, 88% is awarded to economic operators in another Member State. Of the remaining 12% to countries outside the EU, Switzerland accounts for the highest share (4%). The share of EU candidate countries, i.e. Turkey, Croatia and Macedonia, is only 1% each – the same as for Canada, China, and the US.

Of all indirect cross-border procurement through affiliates from Member States' contracting authorities, 60% is awarded to economic operators in another Member State. Of the remaining 40% that goes to countries outside the EU, the United States account for the highest share (24%).

SMEs have won 47% of direct cross-border procurement contracts. Indirect cross-border procurement through affiliates is dominated by large enterprises.

Overall, 11.4% of all contracts are awarded indirectly cross-border through affiliates. This figure is lower than that for the role of foreign affiliates in the economy in general. Foreign affiliates represent 23.3% of total turnover and 18.5% of total value added.

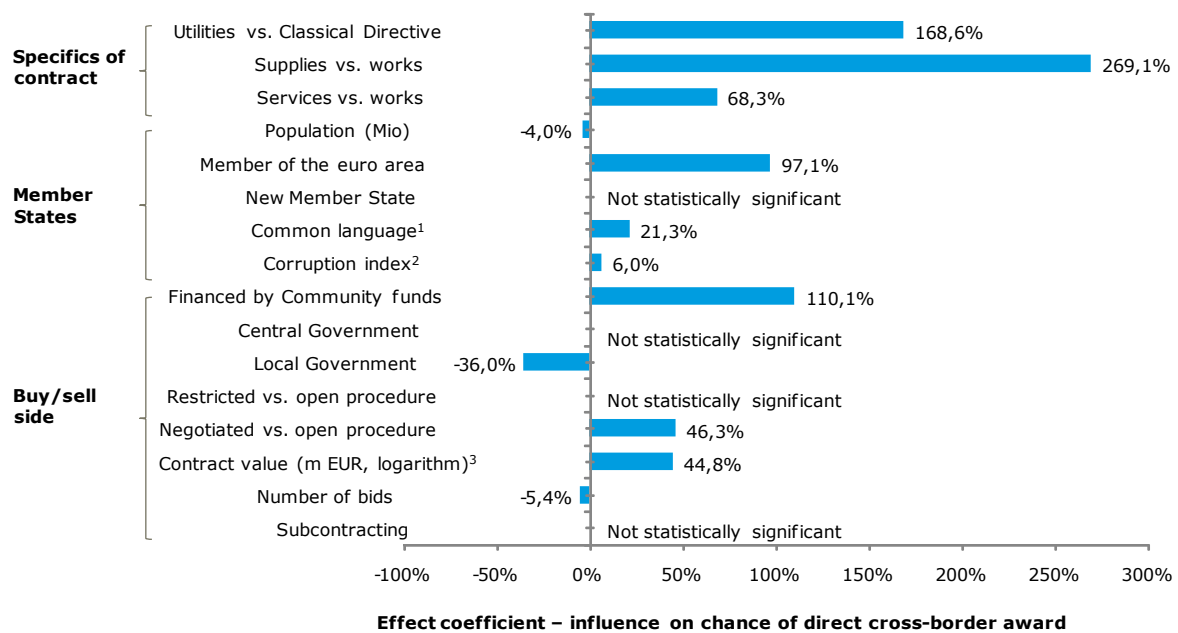
Comparing the Classical and the Utilities Directive, it transpires that the extent of direct cross-border procurement is higher for the Utilities Directive (4.3% vs. 1.3% for the Classical Directive). However, there is no significant difference for indirect cross-border procurement through affiliates.

Contracts are categorised as being for works, supplies or services. The Directives differentiate between two categories of service (A and B), depending on the assumed likelihood of cross-border procurement. Taking all types of contract as a whole, the share of direct cross-border procurement is quite balanced (1-2%). Supplies contracts, on the other hand, are more often awarded directly and indirectly cross-border through affiliates. This is especially true in terms of contract values. The share of indirect cross-border procurement through affiliates ranges from 4% for category B services to 15% for supplies contracts. Category A services are awarded directly and indirectly cross-border through affiliates slightly more often than category B services.

Comparing the different procedures reveals that the share of direct cross-border procurement is highest in negotiated procedures.

Explanatory factors for the extent of cross-border procurement

The following figure presents the results of compound multivariate analysis of factors influencing the extent of direct cross-border procurement. An effect coefficient of 10% indicates a chance of direct cross-border procurement which is 10% higher than the reference category. For example, the chances of a supplies contract being awarded directly cross-border are about 269% higher than for a works contract.

Figure 3: Factors with influence on direct cross-border procurement

¹ I.e. shares a language with another Member State

² The higher the index, the lower the perceived level of corruption

³ Due to logarithm not directly interpretable

The analysis of contract award data (TED data) revealed that there is more direct cross-border procurement between Member States with common or similar languages. In the survey of businesses participating in cross-border procurement, language barriers were cited as one of the most relevant obstacles for bidding cross-border. 50% of the respondents regarded language barriers as being of high relevance.

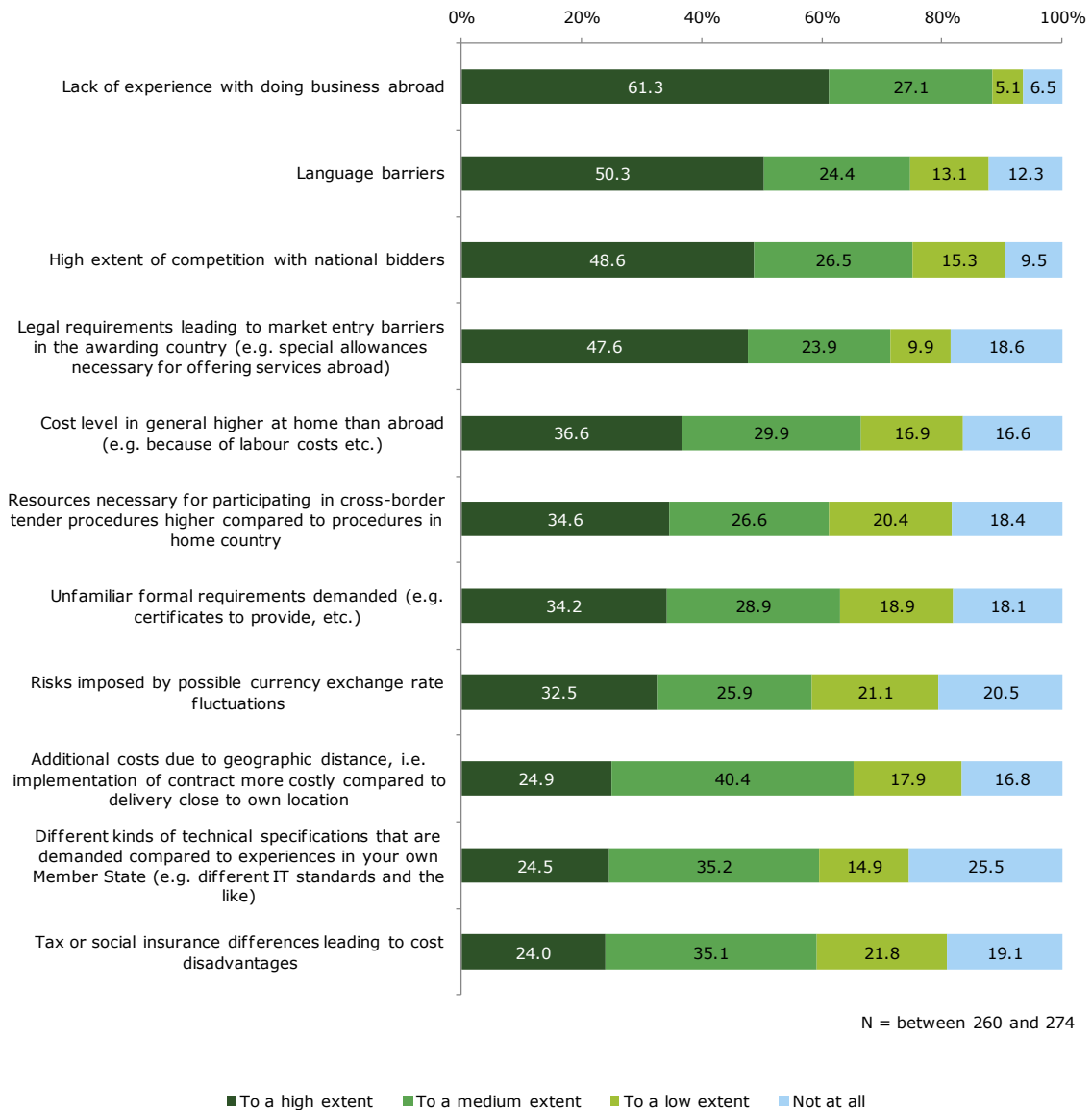
The average distance between the contracting authority and the economic operator is 179 km. The shortest distance on average is for awards in the "works" category, followed by services, then supplies.

There are different possible obstacles when bidding cross-border. Businesses were asked how relevant these potential obstacles are. According to the businesses surveyed the most relevant obstacles are (cf. figure below):

1. Lack of experience with doing business abroad;
2. Language barriers;
3. Strong competition from national bidders;
4. Legal requirements leading to market entry barriers in the awarding country (e.g. special permits or procedures necessary for offering services abroad).

Figure 4: Businesses' view on several possible obstacles to cross-border bidding

Based on your experience, how do you assess the relevance of the following possible obstacles?



To investigate the influence of several factors on participation and success rates of businesses a multivariate analysis was carried out. This revealed the following significant effects:

- Compared to SMEs, large entities (>250 employees) participate more often in both public procurement tenders in general and direct cross-border public procurement in particular. However, there is no significant effect of size on the success rate.
- Strong competition leads to lower success rates in public procurement tenders in general, and to lower participation and success in direct cross-border public procurement.
- Being a foreign affiliate has no significant effect.
- Comparing services and supplies to works contracts, the rate of participation in public procurement is higher in general and there is a higher success rate for both procurement in general and direct cross-border procurement.

In the perception of businesses, contracting authorities prefer domestic bidders.

1. INTRODUCTION

European legislation on public procurement is in place to increase market transparency and facilitate competition within the European Single Market. The assumed benefits include lower prices and better quality for public administrations when procuring works, services and goods. Thus, public administrations may deliver more value for money and European businesses become more competitive, including internationally. This is particularly important considering the role public procurement plays for the European economy as a whole. It is estimated that in 2009 the total value of public procurement contracts (above and below the thresholds for compulsory public purchasing set in the EU Classical and Utilities Directives) was €2,288 billion. This is around 19% of total European GDP. The total value of contracts published in TED (Tenders Electronic Daily) amounted to about €420 billion in 2009.¹

One of the key objectives of having common public procurement procedures across Europe as laid down by European law is the facilitation of cross-border procurement. Under national regimes, contracting authorities may favour domestic bidders. This should not be the case under European legislation.

There are various forms of cross-border procurement:

- *Direct cross-border procurement:*
 - occurs when firms operating from their home market bid and win contracts for invitations to tender launched in another Member State.
- *Indirect cross-border procurement* arises when:
 - firms bid for contracts through subsidiaries, i.e. when their foreign affiliates bid for tenders launched by authorities of a country different from the home country where the firm has its headquarters or where the parent company is located,
 - domestic bidders (prime contractor) include foreign subcontractors,
 - foreign bidders submit offers in consortia with local firms in order to participate in competitive procurement,
 - a domestic firm imports goods in order to supply them to a contracting authority or entity.

Several studies have been undertaken in recent years to investigate the extent of cross-border public procurement:

- The Single Market Review 1997 contained estimated rates of 3% for direct and 7% for indirect cross-border procurement. This was based on a survey and estimated import penetration.
- In 1999, Eurostrategy Consultants surveyed 2000 firms and analysed import penetration in public sector consumption. That survey identified 1.8% of direct cross-border procurement and 8.5% of indirect cross-border procurement.
- A COWI survey of 1,500 firms in 2003 found that 46% of the firms were involved in some form of cross-border public procurement, mainly through foreign affiliates.²
- European Economics used input-output tables in 2006 to investigate the public sector's import penetration rate. Member States' public sector import penetration rates increased in general from 1995 to 2000 and were in the range of 4-15% (depending on the Member State). The rates were lower than the import penetration rates for the economy as a whole. (12-27%). This was attributed to the fact that the public sector procures a different set of products from the economy as a whole. A calculation was provided taking as an assumption that the public sector procures the same products as the overall economy. In this case imports would account for 9-45% of all public sector consumption in the Member States.³
- In 2004, EIM and KMU Forschung Austria analysed the access of SMEs to public procurement contracts on behalf of DG Enterprise on the basis of data about contracts awarded. They

¹ European Commission working document: "Public procurement indicators 2009", http://ec.europa.eu/internal_market/publicprocurement/docs/indicators2009_en.pdf

² Single Market Review, Eurostrategy Consultants and COWI as cited by European Commission (2004), "A report on the functioning of public procurement markets in the EU: benefits from the application of EU Directives and challenges for the future", http://ec.europa.eu/internal_market/publicprocurement/docs/public-proc-market-final-report_en.pdf, p. 10 to 12

³ Europe Economics (2006), "Evaluation of Public Procurement Directives", http://ec.europa.eu/internal_market/publicprocurement/docs/final_report_en.pdf, p. 103 and 104

identified a rate of 1.1% direct cross-border procurement in 2001. SMEs were found to be slightly underrepresented in cross-border procurement.⁴

- The evaluation of SMEs' access to public procurement was repeated in 2007 by GHK and Technopolis, looking this time at EU-25. It found a rate of 1.9% of direct cross-border procurement in 2004. The rate was higher for the new Member States than for the old Member States.⁵
- Bird and Bird conducted a study in Germany in 2008, surveying 541 German contracting authorities, and identified a level of direct cross-border procurement of 2.6% (indirect cross-border procurement was not analysed).⁶

Overall, the level of cross-border procurement in Europe can be regarded as being relatively low.⁷

The current assignment aims to update the measurement of cross-border procurement. The measurement distinguishes between direct and indirect cross-border procurement. Cross-border procurement is not only estimated in this exercise but also evaluated and explained. The evaluation is carried out primarily by comparing the observed levels of cross-border public sector procurement with private sector procurement, the economy as a whole and public procurement in third countries. Explaining the level of cross-border procurement means identifying factors that lead to lower or higher levels of cross-border procurement. Such factors could relate to the goods or service in question, general market conditions, contracting authorities' behaviour or economic operators' bidding strategies. Analysing these factors may also reveal possibilities for promoting cross-border procurement further.

This study refers exclusively to procurement above EU thresholds. The findings about the public procurement market above EU thresholds are not in any way an indicator to the market below EU thresholds, which might be significantly different. The main thresholds are currently set at:⁸

- €125,000 for service and supplies contracts under the Classical Directive (2004/18/EC)⁹ awarded by central government authorities¹⁰;
- €193,000 for service and supplies contracts under the Classical Directive (2004/18/EC) awarded by contracting authorities other than those belonging to the central government;
- €387,000 for service and supplies contracts under the Utilities Directive (2004/17/EC)¹¹;
- €4,845,000 for works contracts.

This exercise is to serve as an input for an overall evaluation of public procurement policy to be conducted by the European Commission.

Chapter 2 contains the analysis of import penetration based on statistical input-output tables. Chapter 3 presents a measurement of the extent of direct and indirect cross-border procurement based on data on awarded contracts, data from D&B, and a survey of economic operators conducted. Chapter 4 presents explanations for the level of cross-border procurement observed. Chapter 5 contains some conclusions.

⁴ EIM/KMU Forschung Austria (2004), "The access of SMEs to public procurement contracts",

http://ec.europa.eu/enterprise/newsroom/cf/document.cfm?action=display&doc_id=3687&userservice_id=1&request.id=0, p. 53 and 54

⁵ GHK and Technopolis (2007), "SMEs' Access to Public Procurement",

http://ec.europa.eu/enterprise/dg/files/evaluation/pme_marches_publics_report_en.pdf, p. 38

⁶ Bird & Bird (2008), "Verhältnis zwischen Binnenmarktwirkung der EU-Vergaberegeln und den durch die Anwendung des europäischen Vergaberechts verursachten Transaktionskosten für deutsche öffentliche Auftraggeber",

<http://www.bmwi.de/BMWi/Redaktion/PDF/Publikationen/Studien/verhaeltnis-binnenmarktwirkung-eu-vergaberegeln,property=pdf,bereich=bmwi,sprache=de,rwb=true.pdf>, p. 16

⁷ See for example Sue Arrowsmith (2005), "The law of Public and Utilities Procurement", p. 122 and Bird & Bird (2008), "Verhältnis zwischen Binnenmarktwirkung der EU-Vergaberegeln und den durch die Anwendung des europäischen Vergaberechts verursachten Transaktionskosten für deutsche öffentliche Auftraggeber", <http://www.bmwi.de/BMWi/Redaktion/PDF/Publikationen/Studien/verhaeltnis-binnenmarktwirkung-eu-vergaberegeln,property=pdf,bereich=bmwi,sprache=de,rwb=true.pdf>, p. 141

⁸ cf. Commission Regulation 1177/2009

⁹ Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32004L0018:EN:HTML>

¹⁰ i.e. listed in Annex IV of the Classical Directive (2004/18/EC)

¹¹ Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32004L0017:EN:HTML>

2. ANALYSIS OF IMPORT PENETRATION

This chapter presents findings on import penetration at a macroeconomic level. The analysis is based on input-output tables and the Eurostat Comext database¹². The data currently available covers the years 1995, 2000 and 2005. Therefore, the analysis is limited to these years and to those countries providing input-output tables.

2.1 Approach

At the macroeconomic level public sector import penetration can be influenced by some general factors determining the overall structure and intensity of the international trade of a single country or a community of countries, notably the size of the national economy, the endowment with natural resources and the pattern of specialisation. The pattern of specialisation is normally qualified by various commonly used economic theories. As the focus of this study lies in the descriptive analysis of empirical data on import flows into the public sector, we will not pursue this avenue in any great detail. However, the results of our research suggest that the size of the different countries analysed and their different endowment with natural resources significantly influences the level of import penetration of their total economy as well as of their public sector.

In order to analyse import penetration with particular reference to the public sector, we first define the public sector, then discuss import trends in general before narrowing the focus to import penetration in the public sector, cross-border procurement in the public sector and the products where cross-border procurement most frequently occurs in order to assess the products for which public purchasing accounts for the largest part of demand.

2.1.1 Definition of the public sector

The size of the public sector can be quantified by different measures. In general, output and employment figures are used. However, this data cannot describe the cross-border flows of goods and services. Moreover, the data necessary cannot be found in external trade statistics as this branch of statistics only reports the cross-border exchange of goods. It does not differentiate between the types of use of the goods in the importing or exporting country. Therefore, this study relies on input-output data, which, among other things, combine the data on production, costs and use of goods both inside and outside the national economy. These data requirements are mostly adhered to by applying the national input-output tables.

Based on the available statistical data within our study the public sector is defined by its absorption (input) of products necessary to generate public services. In that way the cross-border procurement will be assessed by flows of goods and services in volumes.

In line with the former study by Europe Economics¹³ on public procurement, the public sector is defined as:

- final consumption expenditure by government, plus
- intermediate consumption by industries carrying out the procurement procedures.

This approach takes into account that public sector authorities conclude contracts with private enterprise, which – at the expense of the total community – supply products and services either directly to the final users or indirectly by absorbing the products and services as inputs in the production processes of specific kinds of industries.

The following sectors fall within the scope of and must comply with the public procurement Directives:

- Electricity, gas, steam and hot water supply,
- Collection, purification and distribution of water,
- Land transport; transport via pipelines,
- Post and telecommunications,

¹² <http://comext.eurostat.ec.europa.eu/>

¹³ Europe Economics (2006), "Evaluation of Public Procurement Directives", http://ec.europa.eu/internal_market/publicprocurement/docs/final_report_en.pdf, page 103f.

- Public administration and defence; compulsory social security,
- Education,
- Health and social work,
- Sewage and refuse disposal, sanitation and similar activities.

Authorities or entities from these sectors order, buy and use intermediate inputs to organise their production processes. However, in some case, not all the activities are provided by the public sector. This is particularly true of “post and telecommunications” (NACE 64) and “land transport; transport via pipelines” (NACE 60). When the German transport data was analysed in detail, we found that railways and urban transport, which are the main subject of procurement procedures in land transport, comprise about one third of the total activity in “land transport; transport via pipelines”. In accordance with the previous study of Europe Economics (2006), we considered half of the total activity of the “post and telecommunications” industry as part of the public sector.

In the previous study by Europe Economics (2006), only half the total activity of the “post and telecommunications” industry was considered to be part of the public sector. For reasons of comparability we adopted the same approach, as shown in Table 2 below. The last column of the table presents the share of activity provided by the public sector.

Table 2: Classification of the public sector for the primary analysis

NACE Rev. 1.1 – Code	Name of industry	Share of public activities in %
40	Electricity, gas, steam and hot water supply	100
41	Collection, purification and distribution of water	100
64	Post and telecommunications	50
75	Public administration and defence; compulsory social security	100
80	Education	100
85	Health and social work	100
90	Sewage and refuse disposal, sanitation and similar activities	100

A different methodological approach was used for “land transport; transport via pipelines” because a detailed analysis of the German transport data revealed that railways and urban transport, which is where most of the procurement procedures in land transport are to be found, comprise about one third of the total activity in “land transport; transport via pipelines”.

Using this approach, we extended our analysis in some cases. In these cases we identified that the public sector owns and provides one third of the “land transport; transport via pipelines” activities additional to the list of industries used by European Economics (2006). This was done to identify the differences between the two methodological approaches used to define the public sector.

2.1.2 Empirical results on the extent of the public sector

In 2005, the public sector of the European Union absorbed almost 13.8% of total demand for goods and services (Table 3).¹⁴ If land transport is included, the share of the public sector amounts to 14.1%. The share seems to have increased compared with 2000 (cf. Table 65 in the data annex). However, this comparison might be distorted as there was a change in the make-up of the list of countries, which supplied input-output tables for the two years specified. For example, Latvia and Lithuania with high shares did not submit reports for 2005, whilst the Czech Republic and Malta with low shares did participate in that year.

¹⁴ The share of the public sector in total demand based on the input-output framework is lower than the estimate that public procurement accounts for about 19% of the total European GDP (see chapter 1) for two main reasons. Firstly, we do not take into account public sector gross fixed capital formation because this item is not reported separately for the public sector in the input-output tables. Secondly, we include government intermediate and final consumption in the total demand of the economy, which is higher than GDP reported by national accounts.

The size of the public sector of the European Union is influenced by the size of the countries covered. However, of the four largest economies for which data is available, namely Germany, France, Italy and Spain, only France has a share above the European Union average. The top five countries were Denmark, Sweden, France, Portugal and Romania. In 2000, only Portugal was outside this group. The figures for the largest country, Germany, brought down the average in both years. The share of the German public sector amounted to 13%.

The same public sector definition was used to analyse non-member states of the European Union. Therefore, the size of the public sector in the US and in Canada may be an overestimate, whereas in China it may be an underestimate because a larger share of health and social services sector are owned by the private sector in the US and Canada, while in China, the reverse is true. A further point, which should be considered, is the quality of the data provided by the different countries. However, in the case of Norway, the results are similar to those of the other Scandinavian countries.

Table 4 and Table 66 (in the data annex) present an overview of the composition of products used in the public sector in 2005 and 2000. They illustrate that the goods and services used by the public sector are overwhelmingly produced by the public sector. However, there are a number of goods and services used by the public sector that are produced by the private sector. These include electrical energy, postal services and telecommunication services, and other business services.

Table 3: Size of public and private sector in 2005 (without land transport)

Country	Total use (m EUR)			Share of sectors in total use in %		
	Public sector	Private sector	Total economy	Public sector	Private sector	Total economy
Member States of the European Union						
AUSTRIA	77,925	486,517	564,442	13.8	86.2	100.0
BELGIUM	95,775	756,779	852,553	11.2	88.8	100.0
BULGARIA						
CZECH REPUBLIC	36,108	282,774	318,882	11.3	88.7	100.0
CYPRUS						
DENMARK	75,117	373,042	448,159	16.8	83.2	100.0
ESTONIA	3,154	30,181	33,336	9.5	90.5	100.0
FINLAND	53,065	308,512	361,577	14.7	85.3	100.0
FRANCE	572,127	2,984,121	3,556,248	16.1	83.9	100.0
GERMANY	623,737	4,171,723	4,795,460	13.0	87.0	100.0
GREECE	47,660	313,474	361,134	13.2	86.8	100.0
HUNGARY	30,183	212,310	242,493	12.4	87.6	100.0
IRELAND	42,585	401,593	444,179	9.6	90.4	100.0
ITALY	432,888	2,719,634	3,152,522	13.7	86.3	100.0
LATVIA						
LITHUANIA						
LUXEMBOURG						
MALTA	5,768	43,680	49,449	11.7	88.3	100.0
NETHERLANDS	191,792	1,086,272	1,278,063	15.0	85.0	100.0
POLAND	68,993	505,878	574,871	12.0	88.0	100.0
PORTUGAL	50,705	280,248	330,953	15.3	84.7	100.0
ROMANIA	28,167	158,445	186,612	15.1	84.9	100.0
SLOVAK REPUBLIC	17,771	132,597	150,368	11.8	88.2	100.0
SLOVENIA	8,092	66,047	74,139	10.9	89.1	100.0
SPAIN	252,011	1,791,430	2,043,441	12.3	87.7	100.0
SWEDEN	109,420	550,250	659,670	16.6	83.4	100.0
UNITED KINGDOM						
EUROPEAN UNION¹⁵	2,823,043	17,655,507	20,478,550	13.8	86.2	100.0

¹⁵ Total of Reporting Countries

	Non-Member States of the European Union ¹⁶					
CANADA	374,398	2,049,938	2,424,336	15.4	84.6	100.0
CHINA	797,675	6,720,741	7,518,415	10.6	89.4	100.0
JAPAN	1,237,289	7,912,269	9,149,558	13.5	86.5	100.0
NORWAY	88,140	488,307	576,446	15.3	84.7	100.0
SWITZERLAND						
USA	4,521,551	20,306,739	24,828,291	18.2	81.8	100.0

Table 4: Public and total demand by product in 2005

Code CPA	Short Name of Product	Total use	Public demand	Share of pub. demand in total use	Share of prod. in total dem. of pub. sector
		(m EUR)		(%)	
01	Products of agriculture	377,863	5,543	1.5	0.2
02	Products of forestry	29,592	632	2.1	0.0
05	Fish and other fishing products	16,809	184	1.1	0.0
10	Coal and lignite; peat	26,688	14,046	52.6	0.5
11	Crude petroleum/natural gas	257,917	48,688	18.9	1.7
12	Uranium and thorium ores	24		0.0	0.0
13	Metal ores	27,784	1,736	6.2	0.1
14	Other mining products	45,596	1,228	2.7	0.0
15	Food products and beverages	859,011	19,136	2.2	0.7
16	Tobacco products	23,957	21	0.1	0.0
17	Textiles	159,833	2,775	1.7	0.1
18	Wearing apparel; furs	148,802	2,340	1.6	0.1
19	Leather and leather products	82,456	539	0.7	0.0
20	Wood and products of wood	133,087	1,502	1.1	0.1
21	Pulp, paper and paper products	195,386	6,054	3.1	0.2
22	Printed matter/recorded media	212,997	15,139	7.1	0.5
23	Coke, refined petroleum prod.	385,651	22,354	5.8	0.8
24	Chemicals/chemical products	855,630	89,266	10.4	3.2
25	Rubber and plastic products	280,467	4,720	1.7	0.2
26	Other non-metallic min. prod.	223,969	3,073	1.4	0.1
27	Basic metals	463,733	2,057	0.4	0.1
28	Fabricated metal products	444,384	8,519	1.9	0.3
29	Machinery and equipment n.e.c.	717,171	16,317	2.3	0.6
30	Office machinery/computers	177,039	4,199	2.4	0.1
31	Electrical machinery/apparatus	331,482	10,170	3.1	0.4
32	TV/communication equip.	299,039	7,911	2.6	0.3
33	Medical etc instruments	191,874	22,995	12.0	0.8
34	Motor vehicles/ trailers	864,568	2,404	0.3	0.1
35	Other transport equipment	222,150	12,563	5.7	0.4
36	Furniture/other manufact. goods	222,430	6,779	3.0	0.2
37	Secondary raw materials	17,230	1,020	5.9	0.0
40	Electrical energy/gas/steam	408,736	102,996	25.2	3.6
41	Collected and purified water	41,715	6,853	16.4	0.2
45	Construction work	1,266,199	47,662	3.8	1.7
50	Trade/ maintenance/repair	329,374	10,738	3.3	0.4
51	Wholesale trade	876,816	42,667	4.9	1.5
52	Retail trade services	608,683	35,150	5.8	1.2
55	Hotel and restaurant services	495,421	14,327	2.9	0.5

¹⁶ Data of Non-Member States of the European Union in million US dollars.

Code CPA	Short Name of Product	Total use	Public demand	Share of pub. demand in total use	Share of prod. in total dem. of pub. sector
		(m EUR)		(%)	
60	Land transport	441,987	28,736	6.5	1.0
61	Water transport services	94,683	1,109	1.2	0.0
62	Air transport services	114,087	4,875	4.3	0.2
63	Auxiliary transport services	392,403	24,321	6.2	0.9
64	Post/Telecommunication	386,365	56,603	14.7	2.0
65	Financial intermediation	491,772	31,877	6.5	1.1
66	Insurance/pension funding	229,540	7,894	3.4	0.3
67	Auxiliary fin. intermediation	138,612	2,887	2.1	0.1
70	Real estate services	1,243,569	63,027	5.1	2.2
71	Renting services of machinery	173,706	14,269	8.2	0.5
72	Computer and related services	287,526	20,151	7.0	0.7
73	Research and development	170,523	44,729	26.2	1.6
74	Other business services	1,284,611	109,313	8.5	3.9
75	Public administration etc	752,202	713,311	94.8	25.3
80	Education services	503,237	404,071	80.3	14.3
85	Health and social work services	825,779	597,133	72.3	21.2
90	Sewage/refuse disposal serv.	115,953	38,693	33.4	1.4
91	Membership organisation serv.	68,407	7,630	11.2	0.3
92	Recreational, cultural services	292,665	51,889	17.7	1.8
93	Other services	107,584	6,139	5.7	0.2
95	Priv. households with empl. pers.	41,776	83	0.2	0.0
	Total¹⁷	20,478,550	2,823,043	13.8	100.0

2.2 Overall import penetration in the public sector

2.2.1 Cross-border procurement in the light of the input-output framework

The input-output system

In the following section some of the basic features of the input-output approach are reviewed. This approach has been selected because it is suitable for assessing import penetration in public procurement markets.

The input-output system includes detailed information for a given year on production activities, supply and demand of goods and services, intermediate and final consumption, primary inputs and foreign trade.

The data are arranged in supply and use tables by product and industry. Hence they describe the transactions and the production processes of all products in the national economy in great detail. A symmetric input-output table rearranges both supply and use into a single table with identical classification of products (or industries respectively) applied for both rows and columns. It is in essence a product-by-product or industry-by-industry matrix.

These tables demonstrate the following:

- the flow of goods and services produced within the national economy, and
- the flow of goods and services with the rest of the world.

¹⁷ Sum of reporting EU-Member countries

The **European System of National and Regional Accounts ESA 95** covers *annual* supply- and use-tables on the one hand and *five-yearly* symmetric input-output tables on the other. In ESA 95, the product-by-product input-output table is the most important symmetric input-output table. However, it should be noted that a few countries in the EU prefer to compile industry-by-industry tables.

As a rule the symmetric input-output tables are accompanied by at least two tables:

- a symmetric table presenting the use of **imports**, and
- a symmetric table for **domestic** output.

Although the Department of National and European Accounts in the statistical office of the European Union (Eurostat) also collects use tables for a limited number of countries divided into the absorption of goods produced domestically and those produced in the rest of the world, the published set of symmetric input-output tables covers a wider range of countries in the EU. Therefore, this type of table has been chosen to analyse the import penetration in public procurement markets of national economies.

Eurostat provides a standardised version of input-output tables based on data that has been collected by the various national statistical institutes. Eurostat's set of input-output tables distinguishes 60 products (classification CPA P60) and 60 industries (NACE A60). Another data source used in this study is the OECD set of input-output tables. The set of OECD input-output tables includes all OECD countries with the exception of Iceland and 13 non-member countries.

Availability of input-output tables by countries

As described in the previous subsection, our analysis of the import penetration in public procurement markets of the national economies relies on a set of input-output tables that separately demonstrate the use of imports as intermediate inputs by industry and as goods and services by final demand categories. This statistical precondition is fulfilled by the majority of the members of the European Union as well as by countries outside the EU. Taking into account that import penetration does not change significantly from year to year and due to the limited availability of input-output tables published by Eurostat and the OECD, the study covers the countries and years shown in the table below.

Table 5: Availability of symmetric input-output and import tables

Country	1995	2000	2005
Member States of the EU			
AUSTRIA	X	X	X
BELGIUM	X	X	X
BULGARIA	N/A	N/A	N/A
CZECH REPUBLIC	N/A	N/A	X
CYPRUS	N/A	N/A	N/A
DENMARK	X	X	X
ESTONIA	(1997)	X	X
FINLAND	X	X	X
FRANCE	X	X	X
GERMANY	X	X	X
GREECE	N/A	X	X
HUNGARY	(1998)	X	X
IRELAND	(1998)	X	X
ITALY	X	X	X
LATVIA	(1996)	(1998)	N/A
LITHUANIA	N/A	X	X
LUXEMBOURG	N/A	N/A	N/A
MALTA	N/A	N/A	N/A
NETHERLANDS	X	X	X
POLAND	N/A	X	X
PORTUGAL	X	(1999)	X
ROMANIA	N/A	X	X
SLOVAK REPUBLIC	N/A	X	X
SLOVENIA	(1996)	X	X
SPAIN	X	X	X
SWEDEN	X	X	X
UNITED KINGDOM	X	N/A	N/A
Non-Member States of the EU			
CANADA	X	X	X
CHINA	X	X	X
JAPAN	X	X	X
NORWAY	X	X	X
SWITZERLAND	N/A	X	N/A
USA	X	X	X

2.2.2 Import penetration in the EU and selected countries

The globalisation of the world economy has intensified the international exchange of goods and services. The input-output data available for the majority of Member States of the European Union demonstrate that import penetration gained momentum in the new millennium. As reflected in Table 6 (below), Table 68 and Table 69 (in the data annex), the ratio of imports to total demand in the EU increased from 14.1% in 1995 to 17.4% in 2005.¹⁸

¹⁸ The share of imports proved robust against the inclusion of land transport.

Table 6: Import penetration of public and private sector by countries (2005)

Country	Imports (m EUR)			Ratio of imports to total use in %			Intra-EU imports in %
	Public sector	Private sector	Total	Public sector	Private sector	Total	
Member States of the European Union							
AUSTRIA	7,533	109,591	117,125	9.7	22.5	20.8	74.1
BELGIUM	6,719	216,067	222,786	7.0	28.6	26.1	74.2
BULGARIA							
CZECH REPUBLIC	5,043	64,124	69,167	14.0	22.7	21.7	
CYPRUS							
DENMARK	4,248	87,167	91,415	5.7	23.4	20.4	65.1
ESTONIA	414	8,696	9,110	13.1	28.8	27.3	
FINLAND	3,740	54,583	58,323	7.0	17.7	16.1	61.2
FRANCE	33,265	409,817	443,082	5.8	13.7	12.5	61.0
GERMANY	40,668	708,222	748,890	6.5	17.0	15.6	58.3
GREECE	3,497	55,724	59,221	7.3	17.8	16.4	
HUNGARY	3,849	55,379	59,228	12.8	26.1	24.4	68.4
IRELAND	3,984	108,835	112,819	9.4	27.1	25.4	
ITALY	25,923	334,014	359,937	6.0	12.3	11.4	
LATVIA							
LITHUANIA	709	12,508	13,217	12.3	28.6	26.7	59.3
LUXEMBOURG							
MALTA							
NETHERLANDS	13,018	303,038	316,056	6.8	27.9	24.7	
POLAND	4,206	84,988	89,193	6.1	16.8	15.5	65.3
PORTUGAL	4,260	50,018	54,278	8.4	17.8	16.4	
ROMANIA	5,062	30,236	35,298	18.0	19.1	18.9	
SLOVAK REPUBLIC	2,857	37,008	39,865	16.1	27.9	26.5	
SLOVENIA	882	16,980	17,862	10.9	25.7	24.1	
SPAIN	21,019	253,385	274,404	8.3	14.1	13.4	62.8
SWEDEN	6,222	105,448	111,670	5.7	19.2	16.9	
UNITED KINGDOM							
EUROPEAN UNION¹⁹	197,118	3,105,828	3,302,946	7.5	19.1	17.4	65.0
Non-Member States of the European Union²⁰							
CANADA	25,750	363,078	388,828	6.9	17.7	16.0	
CHINA	48,813	686,335	735,148	6.1	10.2	9.8	
JAPAN	57,921	563,452	621,373	4.7	7.1	6.8	
NORWAY	6,365	78,705	85,070	7.2	16.1	14.8	
SWITZERLAND							
USA	205,960	1,519,527	1,725,487	4.6	7.5	6.9	

As a general rule, larger countries have a lower import penetration than small countries. In our analysis, the group containing the four large economies of the European Union has the lowest level of import penetration. However, there is no internal correlation between their rank and their size. This might be an indicator that other factors influence import demand, e.g. the national economic growth strategy. In contrast, small countries exhibited the highest ranking. Included within this group are the majority of the new Member States: the Baltic Countries, the Czech and Slovak Republics, and Hungary. The non-member states of the European Union also follow the ranking by size. Each of them has a lower import penetration than the average import penetration of the EU members.

¹⁹ Total of Reporting Countries; shares of imports calculated using weighted means of country ratios considering the size of imports of each country as weight.

²⁰ Imports of Non-Member States of the European Union in million US dollar

Inside the European Union import penetration differs significantly between the public and private sector of the national economies. The same holds for the non-member states of the European Union looked at here. In 2005 import penetration in the public sector of the European Union was 7.5%, whereas in the private sector 19.1% of the goods absorbed were imported (see Table 6). If land transport is partially included in the public sector, the proportion of imports used in the public sector increases marginally to 7.7%. In 2000 and 1995, the general situation appears to have been fairly similar, although the rates of import penetration were lower (see Table 68 and Table 69 in the data annex).

The lower import penetration in the public sector compared with the private sector can be mainly explained by the composition of the demand of each sector and by the nature of the production processes of the goods and services absorbed. In general, the public sector absorbs a higher share of services, which are less tradable than goods. In 2005, services accounted for 88% of all the products absorbed by the public sector. The corresponding figure for the private sector was 55%. Furthermore, services used by the public sector are to a large extent produced by local authorities. This includes public administration, education services, and health and social work services which cannot easily be substituted by imports. In addition, the production process for tradable goods is increasingly fragmented along the value chain. As economies globalise, the different parts of the value chain are transferred to different countries. As a result of these outsourcing and off-shoring activities different components cross national borders during the production processes. This growing intra-industrial trade increases the momentum of private sector international trade.²¹

In order to illustrate the points made above and to compare import penetration between the public and the private sector on a more consistent basis, we assumed that the public sector purchased the same proportion of each product as the private sector. The public sector data from 2005 were re-calculated by applying the demand distribution found in the private sector (see Table 67 in data annex for details).²² The re-calculated data shows that the public sector would in that case have a much higher propensity to import than is the case. Based on these figures, the ratio of imports in the total use of the public sector of the European Union hypothetically increases to 18.2%. This is closer to, but still less than, the average import penetration rate of the private sector. However, the structural effect in the absorption of the public sector amounts to approximately 11 percentage points. In other words, if the public sector were to absorb each product in the same proportion as the private sector its import penetration rate would almost be 11 percentage points higher. This is also shown by the following table.

Table 7: Import penetration of public and private sector in comparison

Import penetration	Total economy	Public sector	Private sector	Difference (percentage points)	Re-calculated public sector	Hypothetical difference (percentage points)
2005	17.4%	7.5%	19.1%	11.6	18.2%	0.9

Comparing the data for 2005, 2000 and 1995, it is clear that there is a general tendency for import penetration to increase in both the public and the private sectors (see Table 70 to Table 72 in data annex). However, import penetration in the public sector has increased more rapidly than in the private sector, so the gap between the import penetration rates of the private and the public sectors is decreasing. Between 2000 and 2005, private sector import penetration rose from 18.7% to 19.1%. During the same period the public sector import penetration rate went

²¹ See also Baldwin "The great trade collapse: What caused it and what does it mean?" in Baldwin (Ed.),

"The Great Trade Collapse: Causes, Consequences and Prospects", http://www.voxeu.org/reports/great_trade_collapse.pdf

²² In Europe Economics (2006), "Evaluation of Public Procurement Directives",

http://ec.europa.eu/internal_market/publicprocurement/docs/final_report_en.pdf the demand distribution figures from the entire economy were applied. See page 104.

from 6.5% to 7.5%, i.e. a narrowing of the gap by 0.6 percentage points (see Table 6 below and Table 68 in the data annex).²³

The general trend towards growing import penetration is also evident for each country in the absolute volume of imports entering the public sector. However, there are unequal developments in terms of the percentage share of imports in total demand as well as in the public and the private sector. Between 2000 and 2005, import penetration increased in both sectors in Austria, Denmark, Finland, Germany, Lithuania, the Netherlands, Poland, Romania, the Slovak Republic, Slovenia and Sweden (see Table 6 and Table 68 in data annex). In Italy the relationship remained more or less unchanged. However, in eight countries, i.e. Belgium, Estonia, France, Greece, Hungary, Ireland, Portugal and Spain, import penetration decreased. With the exception of Ireland, this trend was also evident in the private sector of these countries. However, in the public sector the rate of import penetration increased. For these countries, this signals a “catch-up” by the public sector.

The data for the USA, Japan and China show similar trends. Import penetration has grown in both the public as well as the private sector. However, in Canada and Norway, import penetration declined between 2000 and 2005. At the same time, the gap in the import penetration rate between the public and private sectors also decreased. In Norway the gap between the private and the public sector halved.

2.2.3 Intra-EU and extra-EU imports of EU Member States

Products imported for the use in the public sector come both from the Member States of the European Union (intra-EU imports) or from outside (extra-EU imports). Input-output tables encompass the composition of imported goods and services (intra- or extra-EU imports). However, it is not possible to differentiate to what extent the imports from the different origins are absorbed by the public or private sector.

Moreover, input-output data on intra- and extra-EU imports are published only by a small number of countries: ten in 2005, eight in 2000 and nine in 1995. What data there is available on this basis illustrates, however, that the share of intra-EU imports in total imports fluctuates. This is true both of the European Union overall, as well as for the reporting countries. Between 1995 and 2005 the average for the reporting countries ranged from 60-65% (see Table 6 above, Table 68 and Table 69 in the data annex).

External trade statistics provide more detailed information on the origin of imports that do input-output tables. However, the underlying concept differs, i.e. external trade statistics do not cover the import of services. Because of these methodological differences, our research revealed large differences in empirical findings. This lack of complete comparability needs to be taken into consideration when interpreting the results based on the two different data sources (see Table 8 below and Table 73 in the data annex). Moreover, it is not possible from external trade statistics to differentiate on the basis of whether the imports from the different origins are absorbed by the public or private sector.

However, the external trade statistics proved to be meaningful in identifying the suppliers of extra-EU imports. By analysing the external trade statistics we found that in 2000, 50.9% of all extra-EU imports entering the European Union come from six countries: Canada, China, Japan, Norway, Switzerland and the US in 2000. This ratio had decreased to 42.5% by 2005 (see Table 10 below and Table 75 in the data annex).

²³ This result proved robust also when including only those countries which reported data for both 2000 and 2005.

Table 8: Intra-EU imports as measured by external trade and input-output data (2005)

	External Trade Statistics (Comext)		Eurostat IO Tables²⁴	
Country	Total Import	Intra-EU Import share	Total Import	Intra-EU Import share
	(m EUR)	(%)	(m EUR)	(%)
AUSTRIA	102,345	80.5	97,655	73.9
BELGIUM	256,169	72.1	179,762	75.1
BULGARIA	12,497	62.6		
CZECH REPUBLIC	61,500	81.4	61,687	
CYPRUS	5,077	69.2		
DENMARK	60,752	71.0	62,661	70.5
ESTONIA	8,230	76.3	8,096	
FINLAND	47,236	66.7	47,075	58.9
FRANCE	405,212	67.5	390,378	61.6
GERMANY	624,606	64.5	647,532	58.7
GREECE	43,755	58.2	50,749	
HUNGARY	53,494	69.9	52,936	68.2
IRELAND	55,112	66.7	57,094	
ITALY	309,292	59.4	307,231	
LATVIA	6,991	75.3		
LITHUANIA	12,498	59.5	12,456	59.3
LUXEMBOURG	17,597	72.8		
MALTA	2,959	75.6		
NETHERLANDS	292,438	49.4	250,858	
POLAND	81,697	75.3	82,104	65.5
PORTUGAL	49,179	76.6	49,213	
ROMANIA	32,569	63.0	32,502	
SLOVAK REPUBLIC	27,851	77.8	35,841	
SLOVENIA	16,346	79.4	15,830	
SPAIN	232,124	64.2	235,577	61.3
SWEDEN	89,781	70.4	88,469	
UNITED KINGDOM	412,887	56.3		
EUROPEAN UNION	3,320,193	64.5		63.1

Sources: External Trade Statistics (Comext); IO Tables

²⁴ Data without imports of services

Table 9: Intra- and extra-EU imports of EU Member States in 2005

Country	Total Import	Intra Import	Extra Import	Shares in Total	
				Intra	Extra
	(m EUR)			(%)	
AUSTRIA	102,345	82,372	19,973	80.5	19.5
BELGIUM	256,169	184,691	71,478	72.1	27.9
BULGARIA	12,497	7,821	4,677	62.6	37.4
CZECH REPUBLIC	61,500	50,067	11,433	81.4	18.6
CYPRUS	5,077	3,511	1,566	69.2	30.8
DENMARK	60,752	43,136	17,616	71.0	29.0
ESTONIA	8,230	6,279	1,951	76.3	23.7
FINLAND	47,236	31,508	15,728	66.7	33.3
FRANCE	405,212	273,678	131,534	67.5	32.5
GERMANY	624,606	402,690	221,916	64.5	35.5
GREECE	43,755	25,484	18,271	58.2	41.8
HUNGARY	53,494	37,386	16,108	69.9	30.1
IRELAND	55,112	36,751	18,362	66.7	33.3
ITALY	309,292	183,847	125,445	59.4	40.6
LATVIA	6,991	5,263	1,728	75.3	24.7
LITHUANIA	12,498	7,433	5,065	59.5	40.5
LUXEMBOURG	17,597	12,816	4,782	72.8	27.2
MALTA	2,959	2,235	723	75.6	24.4
NETHERLANDS	292,438	144,575	147,863	49.4	50.6
POLAND	81,697	61,540	20,157	75.3	24.7
PORTUGAL	49,179	37,654	11,525	76.6	23.4
ROMANIA	32,569	20,513	12,056	63.0	37.0
SLOVAK REPUBLIC	27,851	21,668	6,183	77.8	22.2
SLOVENIA	16,346	12,978	3,368	79.4	20.6
SPAIN	232,124	148,945	83,179	64.2	35.8
SWEDEN	89,781	63,186	26,595	70.4	29.6
UNITED KINGDOM	412,887	232,599	180,288	56.3	43.7
EUROPEAN UNION ²⁵	3,320,193	2,140,625	1,179,569	64.5	35.5

Source: External Trade Statistics (Comext)

²⁵ Sum of reporting countries

Table 10: Extra EU imports by selected suppliers in 2005

Country	Extra Import	Canada	China	Japan	Nor-way	Switzer-land	USA	Total of selected countries
		Imports as Share of Total Extra-EU Imports						
	(m EUR)	(%)						
AUSTRIA	19,973	1.8	10.6	5.3	0.2	0.6	11.5	51.0
BELGIUM	71,478	0.6	4.6	3.7	2.2	1.1	7.4	19.7
BULGARIA	4,677	1.1	12.1	3.8	0.2	3.1	7.8	28.1
CZECH REPUBLIC	11,433	0.4	12.4	9.1	0.5	2.3	5.0	29.7
CYPRUS	1,566	1.1	14.7	11.0	0.3	5.1	8.0	40.1
DENMARK	17,616	1.3	16.4	3.7	22.8	4.3	9.4	57.8
ESTONIA	1,951	0.6	15.5	8.4	3.1	2.1	6.4	36.1
FINLAND	15,728	1.4	12.4	6.5	6.1	2.3	8.4	37.0
FRANCE	131,534	1.5	11.0	4.8	4.4	7.7	15.6	45.0
GERMANY	221,916	0.9	15.8	6.9	6.3	10.8	14.4	55.2
GREECE	18,271	0.6	9.3	5.1	0.7	3.3	8.2	27.1
HUNGARY	16,108	0.7	23.7	10.4	0.2	3.0	5.5	43.4
IRELAND	18,362	1.6	8.4	7.9	6.3	2.7	41.4	68.4
ITALY	125,445	1.1	11.3	4.0	1.7	7.4	8.5	33.9
LATVIA (1998)	1,728	0.9	6.1	1.0	4.8	4.2	4.3	21.3
LITHUANIA	5,065	0.2	5.7	0.8	1.3	1.4	4.8	14.2
LUXEMBOURG	4,782	1.2	46.7	2.8	0.1	8.0	11.7	70.5
MALTA	723	0.8	8.0	7.3	0.5	6.1	22.3	44.9
NETHERLANDS	147,863	1.2	17.5	6.3	4.2	1.6	15.0	45.8
POLAND	20,157	0.7	12.9	3.8	5.4	3.2	4.9	30.9
PORTUGAL	11,525	0.9	4.9	5.1	4.6	2.8	9.3	27.6
ROMANIA	12,056	1.3	10.9	3.9	0.7	2.7	7.4	26.9
SLOVAK REPUBLIC	6,183	0.2	6.6	4.8	0.4	2.7	3.5	18.2
SLOVENIA	3,368	1.3	6.3	3.7	0.4	6.1	4.4	22.3
SPAIN	83,179	1.1	11.8	5.7	2.3	4.1	7.4	32.4
SWEDEN	26,595	1.2	12.0	7.7	26.4	3.3	12.1	62.8
UNITED KINGDOM	180,288	3.3	13.7	7.4	9.8	2.4	18.9	55.4
EUROPEAN UNION	1,179,569	1.3	12.4	5.7	5.2	5.1	12.6	42.5

Source: External Trade Statistics (Comext)

2.3 Import penetration of public sector by product groups

2.3.1 Ranking procedures

The public sector absorbs a large variety of products. First of all, it utilises services supplied by itself, such as public administration services, education services, and health and social work services. As a rule this type of activity is produced domestically by governmental authorities. However, the public sector also uses products generated externally within private or state-owned enterprises. This is pertinent for such services as fuel, electrical energy, chemical products, business services and telecommunication. To identify the products which are most significant in public sector imports, three different approaches were applied:

- (1) the ratio of imported goods and services to total public sector use was calculated for each country. The ranking of the products is calculated by adding up the different import ratios of the public sector of the EU Member States.
- (2) the import volumes of the public sector of all European Union Member States are totalled.

- (3) the ratio of imported goods and services to the total use of the public sector is calculated for the European Union as one entity.

These approaches show different results because of the differences between them. Each starts with an assumption regarding the general meaning of the term 'European Union'. According to the first approach, it is a commonwealth of independent states. In this case, each country contributes to the total ranking with the same weight, irrespective of whether it is a large country (like Germany) or a small one, like Portugal.

In the second and third approach the EU is regarded as one entity composed of the sum of its parts: every country contributes to the total ranking in accordance with its weight. In the second approach, the weighting is based on the volume of imports absorbed by the public sector. In this case large countries with large import volumes contribute most to the total result. The third approach takes into account both the volume of imports and the volume of total use of each product absorbed by all Member States of the European Union. Here also, the size of the countries influences the general result.

2.3.2 Top ten in the light of different ranking indicators

These indicators lead to significant differences in the top ten products (see Table 11 below and Table 76 to Table 80 in the data annex). Nevertheless there is a group of goods common to all three rankings. The frequency of entry in the top ten is shown in Table 12 below.

For 2000 and 2005, our analysis shows 17 imported product groups, which are included in the rankings by intensity of use in the public sector. Four of them are common to all three rankings, five are common to two rankings and eight appear in one ranking only. Comparing the years 2000 and 2005 the rankings proved to be robust in line with each procedure.

Imports of mineral products, such as coal, crude petroleum and natural gas have a relatively high ranking. This fact reflects the low endowment of the European Union with natural resources of fuel and ore in general.

The high frequency of chemical products, medical, precision and optical instruments, and textiles may be attributable to the size of the health care and social work services operated by the public sector as well as by the high share of imports of these products in general. A significant proportion of chemical product imports are pharmaceuticals, which are used in state-owned hospitals, but also dispensed to patients.

There are an additional number of products listed in only one ranking. Among them are electrical energy, and postal services and telecommunication. Both markets have been deregulated. The share of these products relative to total public sector demand is higher than the ratio of public demand to total use of these products (see Table 4 above and Table 66 in data annex). The fact that they occur with low frequency in import rankings of the top ten is attributable to the fact that a high proportion of these services are produced domestically.

Table 11: Top 10 products imported by the public sector in 2005 (by import volumes)

Products ranked by public sector import volumes (m EUR)					
Ranking	1	2	3	4	5
Country	Chemicals, chemical products	Crude petroleum and natural gas; services	Medical, precision and optical instruments	Electrical energy, gas, steam and hot water	Coke, refined petroleum products and nuclear fuels
	24	11	33	40	23
Member States of the European Union					
AUSTRIA	1,600.8	1,671.8	1,134.0	414.0	318.4
BELGIUM	2,012.3	3.4	1,692.8	261.2	214.9
BULGARIA					
CZECH REPUBLIC	1,159.6	1,698.2	44.0	195.1	91.5
CYPRUS					
DENMARK ²⁶	959.9	0.0	25.0	232.9	143.7
ESTONIA	91.1	64.4	5.5	28.2	17.1
FINLAND	997.0	333.2	63.6	92.1	251.5
FRANCE	8,319.7	7,683.2	83.3	3,277.6	1,891.3
GERMANY	9,418.5	3,584.0	5,432.5	2,517.0	1,193.0
GREECE	944.1	56.8	16.9	623.2	176.3
HUNGARY	1,026.9	1,840.5	51.4	145.3	97.4
IRELAND	1,093.0		14.6	339.4	682.0
ITALY	2,739.6	12,160.9	2,045.8	235.9	1,229.3
LATVIA					
LITHUANIA	133.2	156.6	5.5	32.0	
LUXEMBOURG					
MALTA					
NETHERLANDS	1,952.0	1,380.0	964.0	1,106.0	284.0
POLAND ²⁷	1,182.4		53.0	49.8	18.9
PORTUGAL	1,193.5	722.2	330.7	144.0	436.6
ROMANIA	703.2	2,164.4	29.0	80.4	12.7
SLOVAK REPUBLIC	1,017.7	912.9	113.2	97.0	138.6
SLOVENIA	332.2	47.0	62.8	84.8	48.2
SPAIN	6,363.0	4,875.5	487.8	1,847.8	1,689.2
SWEDEN	1,661.8	132.4	50.1	734.3	408.1
UNITED KINGDOM					
EUROPEAN UNION ²⁸	44,901.3	39,487.4	12,705.5	12,538.0	9,342.5
Non-Member States of the European Union ²⁹					
CANADA	4,851.1			153.7	550.0
CHINA	9,878.8		9,825.0	41.7	1,958.9
JAPAN	8,100.9		1,336.3	2.6	3,267.3
NORWAY	1,313.1		356.2	16.0	
SWITZERLAND					
USA	20,162.1			565.0	13,946.9

²⁶ Denmark and Poland do not reveal the imports of crude oil and natural gas by the public sector²⁷ Denmark and Poland do not reveal the imports of crude oil and natural gas by the public sector²⁸ Sum of reporting EU Member countries²⁹ Two-Digit-Classification of OECD reports crude oil/natural gas as part of other groups

Products ranked by public sector import volumes (m EUR)					
Ranking	6	7	8	9	10
Country	Other business services	Post and telecommunication services	Coal and lignite; peat	Machinery and equipment n.e.c.	Other transport equipment
	74	64	10	29	35
Member States of the European Union					
AUSTRIA	145.9	300.6	147.8	147.8	1.6
BELGIUM	363.0	280.4	164.6	70.3	60.8
BULGARIA					
CZECH REPUBLIC	249.4	71.5	57.5	97.3	162.3
CYPRUS					
DENMARK ³⁰	269.8	138.9	300.8	81.2	105.3
ESTONIA	41.9	35.7		23.9	3.3
FINLAND	269.6	125.2	169.5	53.6	78.3
FRANCE	2,045.5	213.2	730.3	809.2	1,188.5
GERMANY	1,419.0	2,665.0	1,364.0	524.5	1,074.0
GREECE	41.0	29.0	44.9	1,064.3	0.5
HUNGARY	91.8	41.2	20.9	65.6	4.8
IRELAND	44.6	122.5	440.1	57.8	37.4
ITALY	1,412.9	633.8	1,038.6	349.3	876.3
LATVIA					
LITHUANIA	9.7	7.3	2.8	71.8	3.3
LUXEMBOURG					
MALTA					
NETHERLANDS	1,113.0	995.0		513.0	106.0
POLAND ³¹	176.4	69.5	113.8	233.4	1.3
PORTUGAL	126.7	60.2	270.7	36.4	1.8
ROMANIA	6.8	47.3	242.3	68.0	0.2
SLOVAK REPUBLIC	11.2	43.9	167.9	10.5	0.1
SLOVENIA	42.5	21.6	22.4	53.4	0.3
SPAIN	475.3	514.8	1,269.3	565.6	982.2
SWEDEN		288.9	55.3	205.3	176.0
UNITED KINGDOM					
EUROPEAN UNION ³²	8,355.9	6,705.5	6,623.5	5,102.1	4,864.3
Non-Member States of the European Union ³³					
CANADA	801.3	169.1	1,575.3	1,589.8	625.0
CHINA	768.5	197.1	1,848.0	2,924.3	
JAPAN	1,160.6	113.6	28,920.8	302.3	3,962.3
NORWAY	670.8	36.4	2.0	174.2	225.9
SWITZERLAND					
USA	214.9		59,004.8	5,729.3	9,915.4

³⁰ Denmark and Poland do not publish figures for imports of crude oil and natural gas by the public sector.

³¹ Denmark and Poland do not publish figures for imports of crude oil and natural gas by the public sector

³² Sum of reporting EU Member States

³³ Two-Digit-Classification of OECD reports crude oil/natural gas as part of other groups

Table 12: Top 10 products in by ranking approach (2005)

Code	Name	Ranking by		
		Country shares (1)	Import volumes (2)	Imports as % of public sector use (3)
10	Coal and lignite; peat	x	x	x
11	Crude petroleum and natural gas	x	x	x
13	Metal ores			x
14	Other mining and quarrying products			x
17	Textiles	x		x
19	Leather and leather products	x		
23	Coke, refined petroleum products		x	x
24	Chemicals, chemical products	x	x	x
29	Machinery and equipment n.e.c.	x	x	
30	Office machinery and computers	x		x
32	Radio, TV and communication equipment	x		x
33	Medical, precision and optical instruments	x	x	x
34	Motor vehicles, trailers and semi-trailers	x		
35	Other transport equipment		x	
40	Electrical energy, gas, steam and hot water		x	
64	Post and telecommunication services		x	
74	Other business services		x	

2.3.3 Import penetration of products where public purchasing accounts is important for demand

Table 13 shows the 10 products where the proportion of demand met from public purchasing was highest in 2005. As mentioned above, several products, such as public administration, education services as well as health and social work services are produced domestically by the public sector. An analysis of import penetration in these sectors might help explain why the import shares of the public sector and the private sector differ. The structure of purchases by sector is one of the most important explanatory factors.

Table 14 shows that, for seven of the top 10 products the import penetration for both the public sector and the private sector is lower than the sector-specific average, i.e. private purchasers also show a lower propensity to import. These results indicate that the lower import penetration of the public sector overall could be at least partially explained by the characteristics of the goods and services that are predominantly purchased by the public sector and not only by the type of purchaser. Some products have specific characteristics that make them less tradable. In general, services and other intangible goods are less tradable than tangible products. However, the analysis also illustrates that for seven of these ten products the private sector import penetration rate is higher than that of the public sector.

Table 13: Top 10 products by total demand of public sector (2005)

Code CPA	Short Name of Product	Public sector	Private sector	Share in total demand	
				Public sector	Private sector
		(m EUR)		(%)	
75	Public administration etc	713,311	38,892	94.8	5.2
80	Education services	404,071	99,166	80.3	19.7
85	Health and social work services	597,133	228,646	72.3	27.7
10	Coal and lignite; peat	14,046	12,642	52.6	47.4
90	Sewage/refuse disposal serv.	38,693	77,260	33.4	66.6
73	Research and development	44,729	125,793	26.2	73.8
40	Electrical energy/gas/steam	102,996	305,740	25.2	74.8
11	Crude petroleum/natural gas	48,688	209,230	18.9	81.1
92	Recreational, cultural services	51,889	240,776	17.7	82.3
41	Collected and purified water	6,853	34,863	16.4	83.6

Table 14: Import penetration of top 10 products (2005)

Code CPA	Short Name of Product	Public sector	Private sector	Import penetration	
				Public sector	Private sector
		(m EUR)		(%)	
75	Public administration etc	1,021	688	0.1	1.8
80	Education services	-167 ³⁴	600	0.0	0.6
85	Health and social work services	168	999	0.0	0.4
10	Coal and lignite; peat	6,624	5,985	47.2	47.3
90	Sewage/refuse disposal serv.	260	366	0.7	0.5
73	Research and development	2,735	26,736	6.1	21.3
40	Electrical energy/gas/steam	12,706	11,861	12.3	3.9
11	Crude petroleum/natural gas	39,487	185,831	81.1	88.8
92	Recreational, cultural services	740	16,346	1.4	6.8
41	Collected and purified water	11	41	0.2	0.1

³⁴ The negative figure of the imports of the public sector is due to the input-output table of Greece. Without Greece the import value would be positive.

3. MEASUREMENT OF CROSS-BORDER PROCUREMENT

This chapter provides a measurement of cross-border procurement above the EU threshold. It first gives an overview of different types of cross-border procurement followed by overall results with regard to the different types. This is followed by detailed findings on direct cross-border procurement and indirect cross-border procurement through affiliates.

3.1 Different types of cross-border procurement

The measurement distinguishes between direct and indirect cross-border procurement. As noted in Chapter 1, cross-border procurement can take different forms:

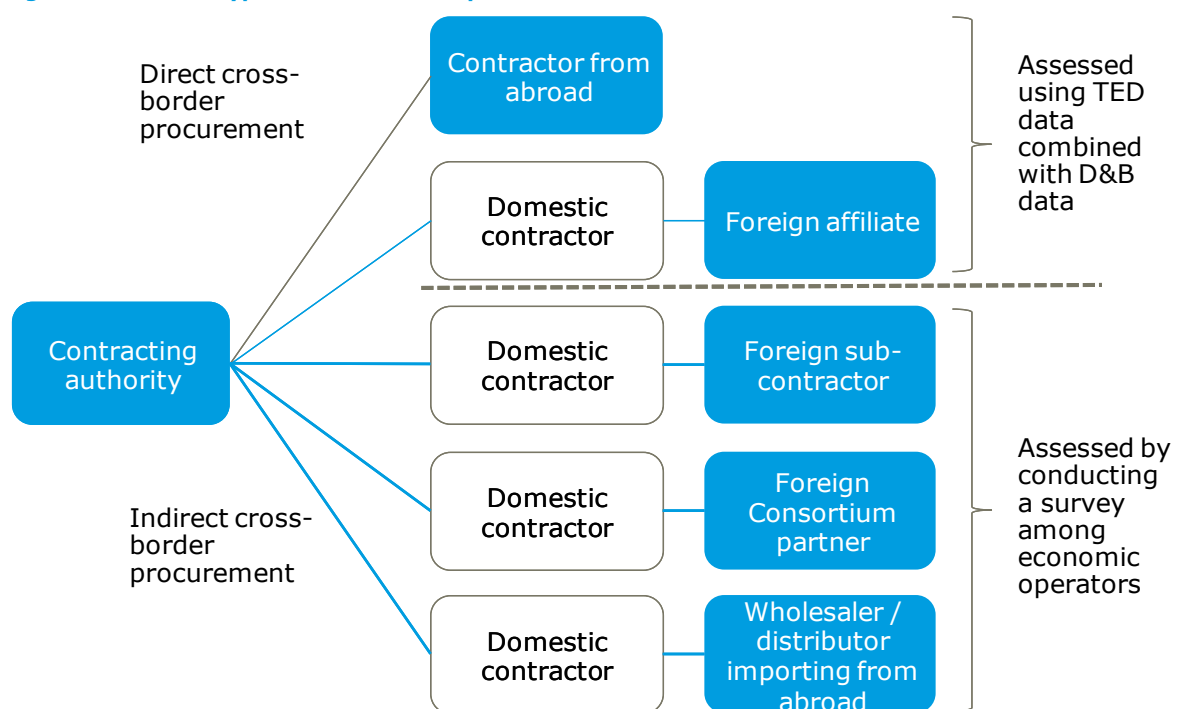
- *Direct cross-border procurement:*
 - occurs when firms operating from their home market bid and win contracts for invitations to tender launched in another Member State.
- *Indirect cross-border procurement* arises when:
 - firms bid for contracts through subsidiaries, i.e. when their foreign affiliates bid for tenders launched by authorities of a country different from the home country where the firm has its headquarters or where the parent company is located,
 - domestic bidders (prime contractor) include foreign subcontractors,
 - foreign bidders submit offers in consortia with local firms in order to participate in competitive procurement,
 - a domestic firm imports goods in order to supply them to a contracting authority or entity.

In short, four different types of indirect cross-border procurement can be distinguished:

- *through foreign affiliates*
- *through subcontractors*
- *through consortia*
- *through wholesalers/distributors*

The following figure shows the distinction in graphic form:

Figure 5: Different types of cross-border procurement and data sources



Different data sources were used for the measurement:

- Tenders Electronic Daily database (TED)³⁵: this was used to estimate direct and indirect cross-border procurement through affiliates. Direct bidding was identified by comparing the postcodes of awarding authorities and the successful bidders;
- Dun & Bradstreet (D&B) data on intercompany relationships: this was used to enrich the assessment of cross-border activity through affiliates;
- an additional survey of economic operators in 12 selected Member States: this was used to measure indirect cross-border procurement through subcontractors, consortia and wholesalers/distributors.

More details on the process of data collection and sampling can be found in sections 6.1.1 and 6.2.1.

Information about the availability of data as well as related calculations on indirect cross-border procurement through consortia, subcontracting, and wholesalers/distributors is in section 6.2.3.

3.2 Overall shares of cross-border procurement

This section briefly presents high-level findings on the extent of cross-border procurement.

Overall, the following shares of cross-border activity were arrived at by type (number of awards³⁶):

- Direct cross-border procurement: 1.6%
- Indirect through affiliates: 11.4%
- Indirect through subcontractors: 1.0%
- Indirect through consortia: 0.3%
- Indirect through wholesalers/distributors: 11.9%.

In terms of total contract values, the results were:

- Direct cross-border procurement: 3.5%
- Indirect through affiliates: 13.4%
- Indirect through subcontractors: 0.2%
- Indirect through consortia: 0.1%
- Indirect through wholesalers/distributors: 11.9%³⁷.

³⁵ TED (Tenders Electronic Daily) is the online version of the Supplement to the Official Journal of the European Union, where all European public procurement notices are published (<http://ted.europa.eu/>).

³⁶ Awards are the reference category for direct cross-border procurement and indirect cross-border procurement through affiliates. Regarding indirect cross-border procurement through subcontractors and consortia, businesses have been surveyed for "shares of bids" and "shares of total budget". Regarding indirect cross-border procurement through wholesalers/distributors businesses have been asked: "How much of what you sell to public institutions in your home country do you import?"

³⁷ No distinction between awards and contract values has been made for indirect cross-border procurement through wholesalers/distributors.

The composition of cross-border procurement by type is also shown in the following figures.

Figure 6: Overall shares of cross-border procurement (no. of awards)

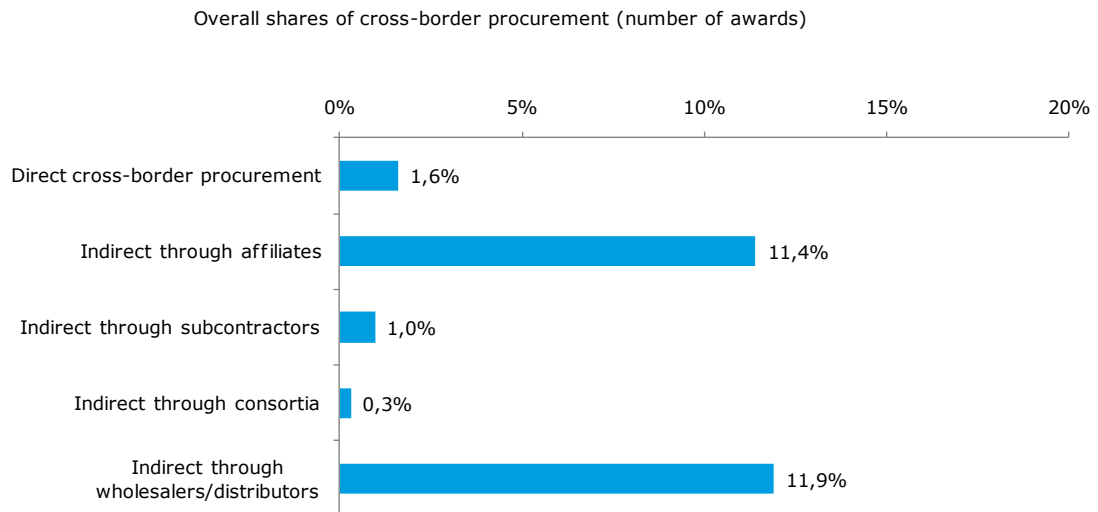
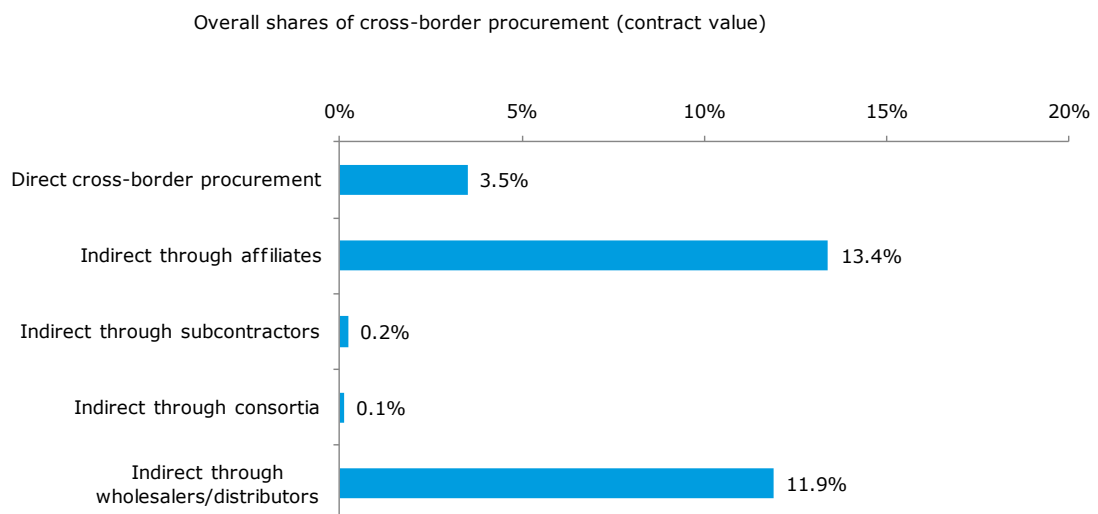


Figure 7: Overall shares of cross-border procurement (contract values)



The following section presents detail on direct cross-border procurement and indirect cross-border procurement through affiliates. Detailed data is available for these types of cross-border procurement, thus allowing extensive calculations.

As indicated above, there is significantly less data on indirect cross-border procurement through consortia, subcontracting, and wholesalers/distributors (cf. Annex 6.2.3). Thus, only the overall level given above has been assessed.

3.3 Direct cross-border procurement and indirect cross-border procurement through affiliates in detail

3.3.1 Developments over time

Overall, the research has identified a share of 1.6% direct cross-border procurement and 11.4% indirect cross-border procurement through affiliates when measured by number of awards (Table 17).

Table 15: Direct and indirect cross-border procurement (no. of awards)

Year	Number of awards	Direct cross-border awards		Indirect cross-border through affiliates awards	
2009	354,527	4,955	1.4%	40,499	11.4%
2008	296,244	5,273	1.8%	33,103	11.2%
2007	250,262	3,988	1.6%	29,358	11.7%
Total	901,034	14,216	1.6%	102,960	11.4%

The figures are different when contract value is used instead the number of awards. Thus, 3.5% of the value of contracts is awarded directly cross-border and 13.4% indirectly through affiliates (Table 18).

Table 16: Direct and indirect cross-border procurement (contract values)

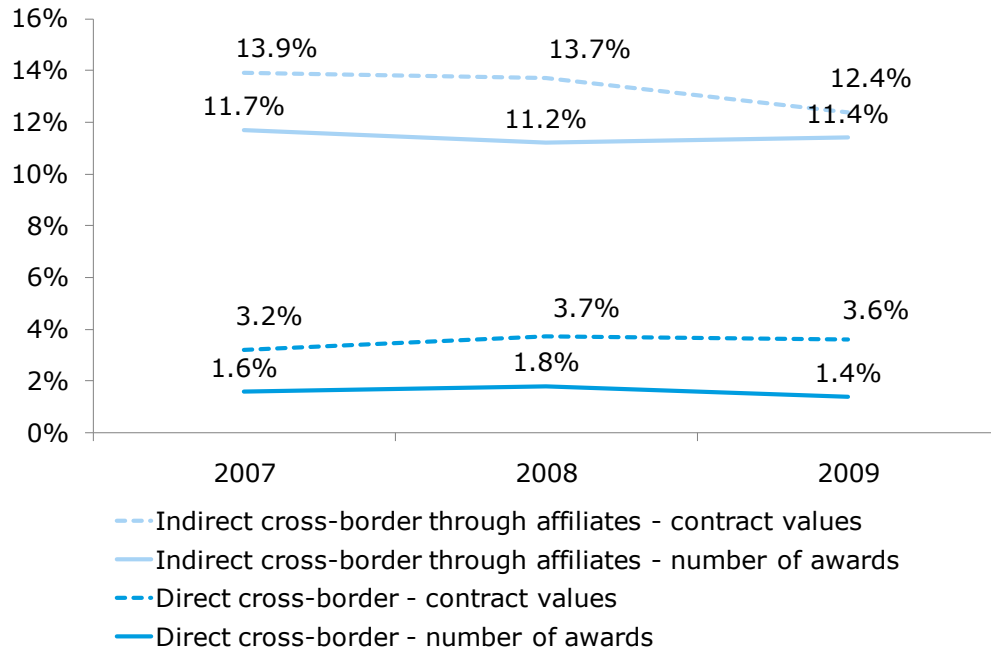
Year	Value (mill. Euro) ³⁸	Direct cross-border value		Indirect cross-border through affiliates value	
2009	157,049.7	5,649.1	3.6%	18,815.3	12.4%
2008	179,286.7	6,624.5	3.7%	27,288.1	13.7%
2007	206,243.5	6,639.2	3.2%	28,822.7	13.9%
Total	542,579.8	18,912.8	3.5%	74,926.1	13.4%

The higher shares of direct and indirect cross-border procurement through affiliates when looking at contract values means that the average value of contracts awarded cross-border is higher than that of contracts awarded domestically.

³⁸ Total values of public procurement above EU thresholds presented here are significantly lower than figures published by Commission Services (cf. European Commission working document: "Public procurement indicators 2009", http://ec.europa.eu/internal_market/publicprocurement/docs/indicators2009_en.pdf). The reason is that this analysis only includes those awards for which plausible information about contract values was available. In contrast to this, Commission Services calculated assumed values for those awards where this information was not available – i.e. Commission Services estimates are a better estimate of the total extent of procurement. In the course of this study a different approach was chosen as single data points for each award were necessary for performing certain calculations on cross-border procurement.

There are no significant differences between the three years covered as the chart shows clearly (Figure 8).

Figure 8: Direct and indirect cross-border procurement 2007 to 2009



The extent of direct cross-border procurement has been analysed previously by GHK and Technopolis on behalf of DG Enterprise using a different methodology, but also based on a sample matched with D&B data. The findings of the previous study are presented below.³⁹

Table 17: Direct cross-border procurement 2002-2004 (no. of awards)

Year	Number of contract award notices analysed	Contract award notices with at least one direct cross-border award	
2004	54,502	1,054	1.9%
2003	36,560	538	1.5%
2002	31,858	428	1.5%

Source: GHK and Technopolis (2007), "SMEs' Access to Public Procurement", http://ec.europa.eu/enterprise/dg/files/evaluation/pme_marches_publics_report_en.pdf, p. 38

Table 18: Direct cross-border procurement 2002-2004 (contract values)

Year	Value of contract award notices analysed (mill. Euro)	Value of contract award notices with at least one direct cross-border award	
2004	184,810	4,717	2.6%
2003	130,185	1,510	1.2%
2002	59,133	2,613	4.4%

Source: *ibid.* p. 39

³⁹ In the GHK/Technopolis study each contract award notice that contained at least one direct cross-border award was regarded as completely direct-cross border. In the present study the number of awards and not the number of contract award notices is the reference point. Thus, as a contract award notice can contain several awards (lots), the figures are not completely comparable. The figures of the previous study can be expected to be higher than figures of this study as a result.

This comparison illustrated that there are no major differences between years in terms of number of awards even over the long run. There is a nominal difference in the 2002 figure of 4.4% but this is influenced by two direct cross-border awards which were both very large.

3.3.2 Differences between EU and EEA Member States

This section compares the share of indirect and direct cross-border procurement through affiliates across all EU and EEA Member States. The analysis of these differences covers:

- Cross-border procurement in EU and EEA Member States;
- Relationship between the size of Member States and cross-border procurement;
- Old and new Member States;
- Who buys where – from which countries do award authorities source;
- Who sells where – to which countries do economic operators sell;
- Awarding authorities near borders.

Cross-border procurement across EU and EEA Member States

The average share of direct cross-border procurement is 1.6%. Table 19 shows that the majority of the 30 countries have a share of cross-border procurement close to the average. However, Austria, Belgium, Cyprus, Estonia, Iceland and Norway have an average share of direct cross-border procurement between of 5 and 10%, while Ireland, Luxembourg and Malta have a share of direct cross-border procurement of over 10%. The other Member States and the EEA states all have a share of direct cross-border procurement of between 0 and 5%.

The average share of indirect cross-border procurement through affiliates is 11.4%. Sixteen countries have a share of indirect cross-border procurement through affiliates which is higher than the average. Ten countries have a share of indirect cross-border procurement through affiliates which is at least 10 percentage points higher than the average.

Looking at contract values, the average share of direct cross-border procurement is 3.5%. Most countries' share is close to the average share. Cyprus (23%) and Liechtenstein (22%) have an average share of direct cross-border procurement of more than 20%.

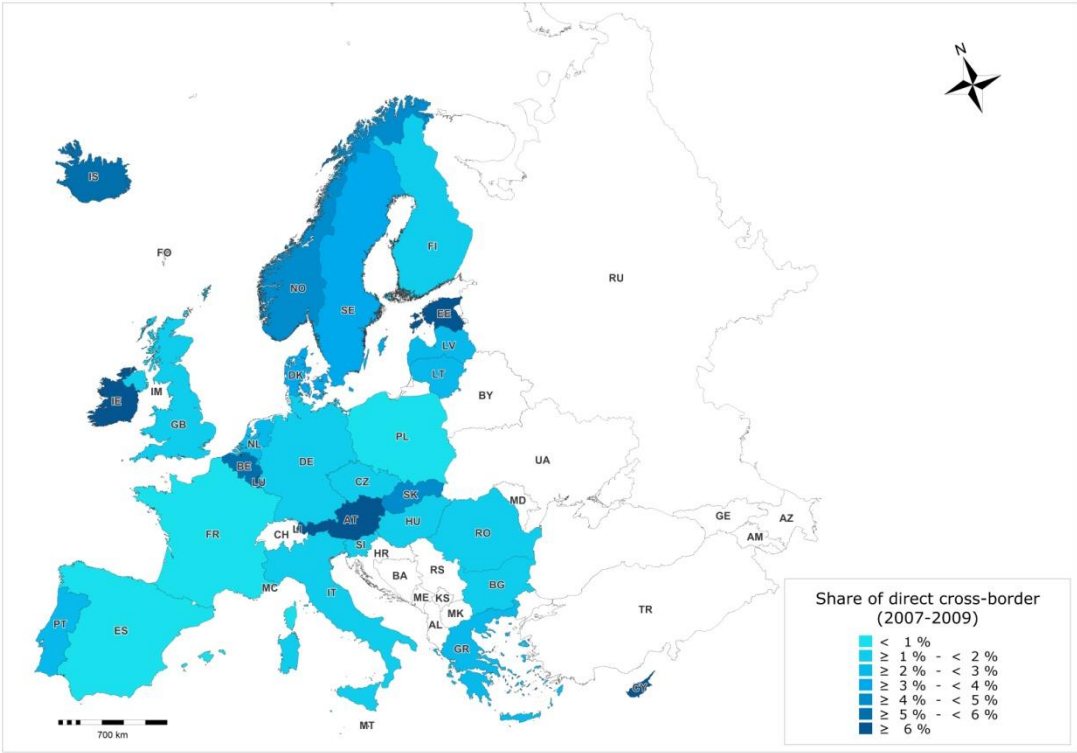
The average share of indirect cross border procurement through affiliates is 13.4% - two percentage points higher than the average share of indirect cross border procurement through affiliates when looking at the number of awards.

Table 19: Cross-border procurement across Member States

Contracting authority's home state		Awards			Contract values		
		Number of awards	Direct cross-border	Indirect cross-border through affiliates	m EUR	Direct cross-border	Indirect cross-border through affiliates
AT	Austria	8,727	6.0%	18.3%	6,814.0	11.3%	12.3%
BE	Belgium	12,587	5.1%	24.0%	13,110.9	7.5%	32.7%
BG	Bulgaria	10,497	1.2%	4.3%	4,807.7	13.9%	3.2%
CY	Cyprus	2,144	8.1%	1.1%	1,726.6	23.9%	0.5%
CZ	Czech Republic	13,778	1.8%	19.2%	19,463.7	2.3%	25.0%
DE	Germany	61,042	1.5%	8.1%	34,808.6	1.7%	9.6%
DK	Denmark	9,442	3.9%	12.9%	7,669.8	6.8%	10.7%
EE	Estonia	2,397	7.6%	2.1%	3,403.6	7.6%	1.0%
ES	Spain	36,238	1.0%	25.1%	81,007.7	0.9%	9.1%
FI	Finland	10,312	2.0%	15.3%	4,103.0	2.7%	22.1%
FR	France	263,667	0.9%	14.8%	93,405.3	1.5%	19.3%
GR	Greece	9,397	2.2%	1.2%	9,218.1	5.6%	1.5%
HU	Hungary	15,534	1.7%	10.3%	12,123.0	5.8%	14.1%
IE	Ireland	6,404	15.4%	9.0%	2,435.6	8.8%	0.5%
IT	Italy	42,106	1.3%	28.6%	62,557.5	1.6%	20.4%
LT	Lithuania	12,802	2.5%	3.2%	15,766.8	2.4%	0.2%
LU	Luxembourg	1,185	16.2%	6.3%	1,140.0	16.4%	0.9%
LV	Latvia	10,759	2.7%	0.4%	5,111.4	13.3%	1.0%
MT	Malta	261	13.8%	0.5%	343.4	63.3%	0.0%
NL	Netherlands	12,746	2.9%	9.8%	12,380.7	1.8%	11.0%
PL	Poland	208,842	0.8%	1.7%	55,750.5	3.9%	4.0%
PT	Portugal	3,383	2.7%	13.8%	6,404.9	7.1%	9.8%
RO	Romania	35,321	2.0%	6.6%	18,127.8	10.0%	5.9%
SE	Sweden	17,627	3.1%	21.7%	8,489.5	6.7%	44.1%
SI	Slovenia	17,371	1.6%	1.4%	3,660.7	4.0%	0.9%
SK	Slovakia	4,909	4.0%	10.5%	7,180.9	12.8%	15.6%
GB	United Kingdom	62,927	1.5%	16.5%	46,526.2	3.0%	13.8%
IS	Iceland	225	5.8%	0.0%	279.0	23.3%	0.0%
LI	Liechtenstein	165	21.2%	11.3%	56.4	20.3%	8.8%
NO	Norway	8,241	4.7%	22.7%	4,706.4	6.8%	10.7%
Total		901,036	1.6%	11.4%	542,579.8	3.5%	13.4%

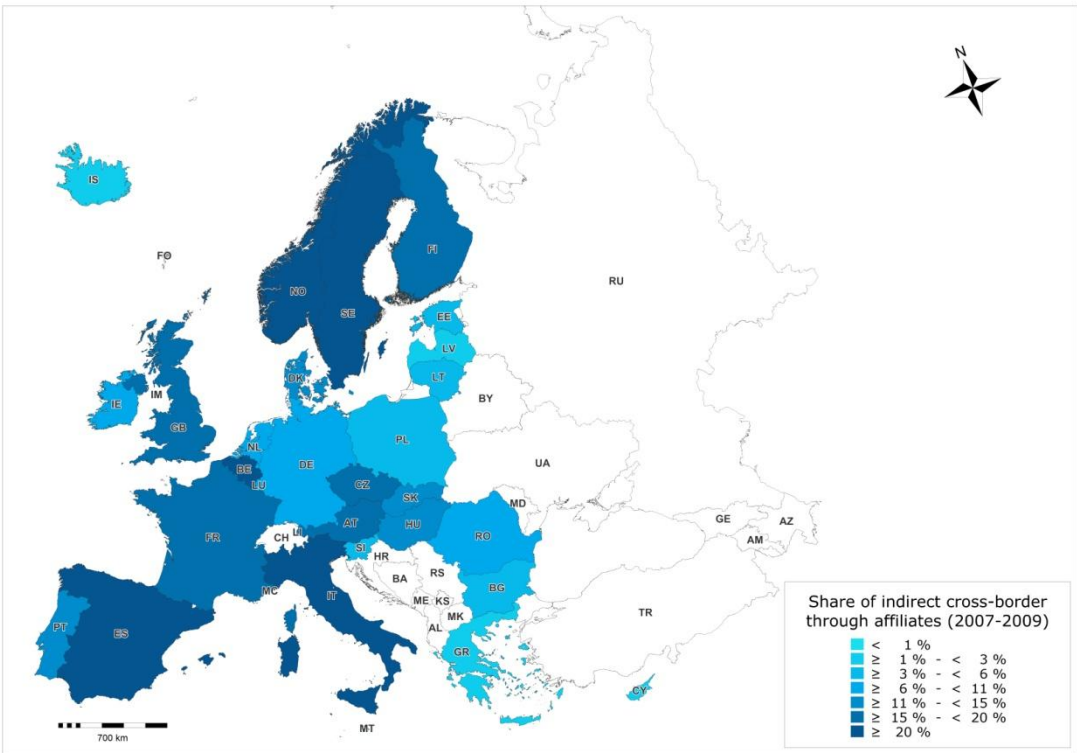
The following two maps show the share of direct and indirect cross-border procurement through affiliates (number of awards).

Figure 9: Direct cross-border procurement across Member States (no. of awards)



The map was created with RegioGraph.

Figure 10: Indirect cross-border procurement through affiliates across Member States (no. of awards)



The map was created with RegioGraph.

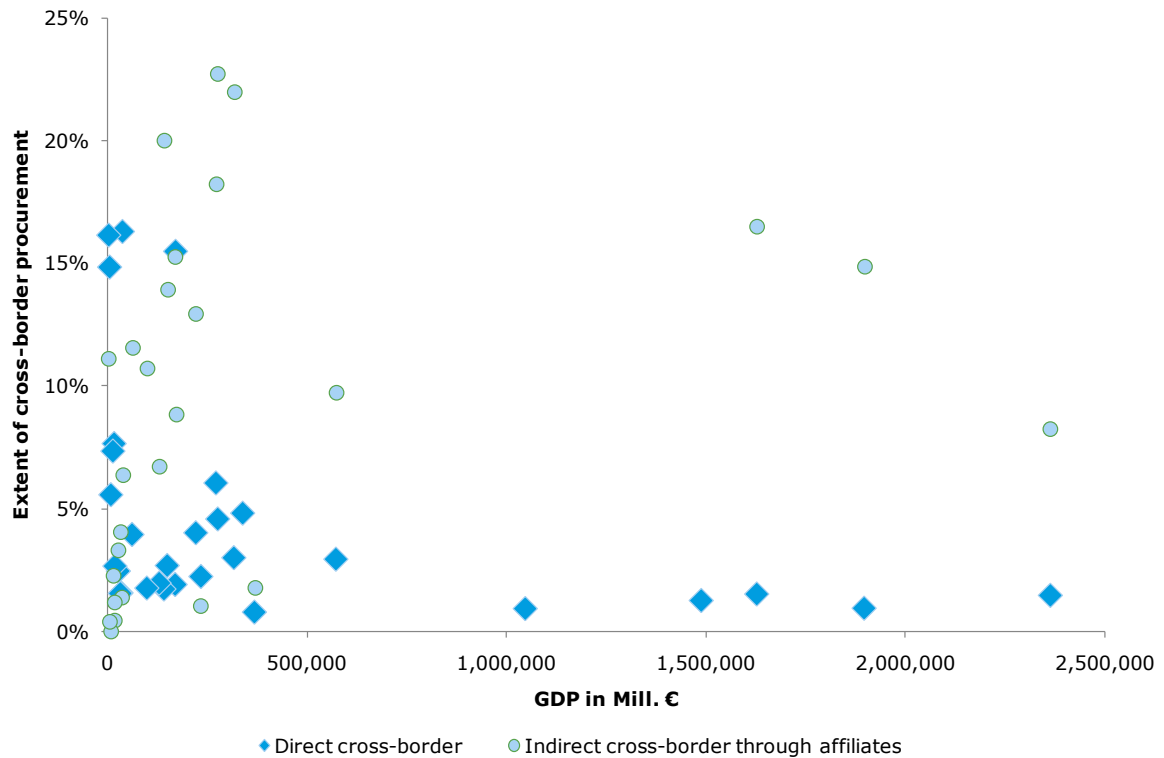
Relationship between country size and extent of cross-border procurement

The following tables (Table 20 and Table 21) show GDP and the population of each Member State in 2009 in comparison with the share of direct and indirect cross-border procurement through affiliates.

The comparison indicates that the share of cross-border procurement is *not* linked to the size of GDP. For example, the three countries with the highest GDP – Germany, France and the United Kingdom – have a share of direct cross-border procurement of between 1 and 2%. The picture remains the same when looking at countries with smaller GDP – except for a few Member States.

Table 20: Size in terms of GDP and cross-border procurement (no. of awards)

	GDP (m EUR)	Direct cross-border			Indirect cross-border through affiliates		
Member State	2009	2007	2008	2009	2007	2008	2009
DE	2,397,100	0.4%	2.7%	1.4%	9.4%	8.3%	7.1%
FR	1,907,145	1.2%	0.8%	0.8%	15.6%	14.6%	14.3%
UK	1,563,106	2.0%	1.8%	0.8%	17.2%	15.8%	16.5%
IT	1,520,870	1.4%	1.2%	1.1%	26.1%	26.8%	32.0%
ES	1,053,914	1.0%	0.3%	1.5%	20.8%	26.2%	28.2%
NL	571,979	5.3%	1.7%	1.9%	4.9%	13.6%	10.7%
BE	339,162	2.8%	7.2%	4.5%	32.0%	25.8%	19.1%
PL	310,075	0.7%	0.7%	1.0%	2.2%	1.7%	1.4%
SE	292,680	2.0%	4.3%	2.8%	17.3%	21.9%	26.8%
AT	274,321	6.6%	5.0%	6.5%	16.2%	22.3%	16.1%
NO	272,774	7.0%	1.6%	5.2%	24.9%	20.5%	22.8%
GR	233,046	1.8%	2.1%	2.8%	0.1%	2.1%	0.9%
DK	223,251	3.1%	7.0%	2.0%	17.7%	10.4%	10.7%
FI	171,315	1.3%	2.0%	2.4%	13.3%	19.9%	12.6%
PT	168,076	0.3%	3.6%	4.2%	9.9%	17.4%	14.5%
IE	159,646	13.6%	19.1%	13.8%	9.1%	6.7%	10.8%
CZ	137,245	0.5%	3.6%	1.1%	25.0%	16.9%	18.1%
RO	115,869	2.0%	2.7%	1.3%	7.0%	5.8%	7.3%
HU	93,086	2.2%	1.5%	1.6%	13.7%	9.7%	8.7%
SK	63,332	3.6%	4.0%	4.3%	17.6%	7.4%	9.6%
LU	37,645	18.1%	18.8%	12.1%	6.7%	3.8%	8.5%
SI	35,384	1.5%	1.2%	2.0%	1.2%	1.5%	1.4%
BG	35,043	4.0%	0.6%	0.1%	2.5%	5.3%	4.3%
LT	26,650	2.8%	3.8%	0.8%	0.1%	0.0%	9.8%
LV	18,539	4.2%	3.4%	0.4%	0.3%	0.5%	0.5%
CY	16,947	5.3%	4.9%	12.9%	1.6%	1.8%	0.0%
EE	13,861	5.2%	9.3%	7.6%	3.9%	1.2%	1.8%
IS	8,692	7.8%	4.0%	4.9%	0.0%	0.0%	0.0%
MT	5,750	11.3%	13.0%	20.3%	0.0%	1.1%	0.0%
LI (GDP for 2008)	3,363	0.0%	0.0%	48.5%	33.3%	0.0%	0.0%
Total	12,069,866	1.6%	1.8%	1.4%	11.7%	11.2%	11.4%

Figure 11: Relationship between GDP and cross-border procurement (no. of awards)

The picture is different when looking at the size in terms of population. The table shows that countries with a bigger population tend to have a smaller share of direct cross-border procurement than smaller countries. The four countries with the biggest population have an average share of direct cross-border procurement of 1% whereas the four smallest countries have an average share of direct cross-border procurement of 12%. This is in line with economic theory. As a general rule, large economies tend to have lower import penetration rates than smaller ones (cf. chapter 2.2.2). This also becomes apparent when comparing import penetration rates among countries (cf. Table 6 above).

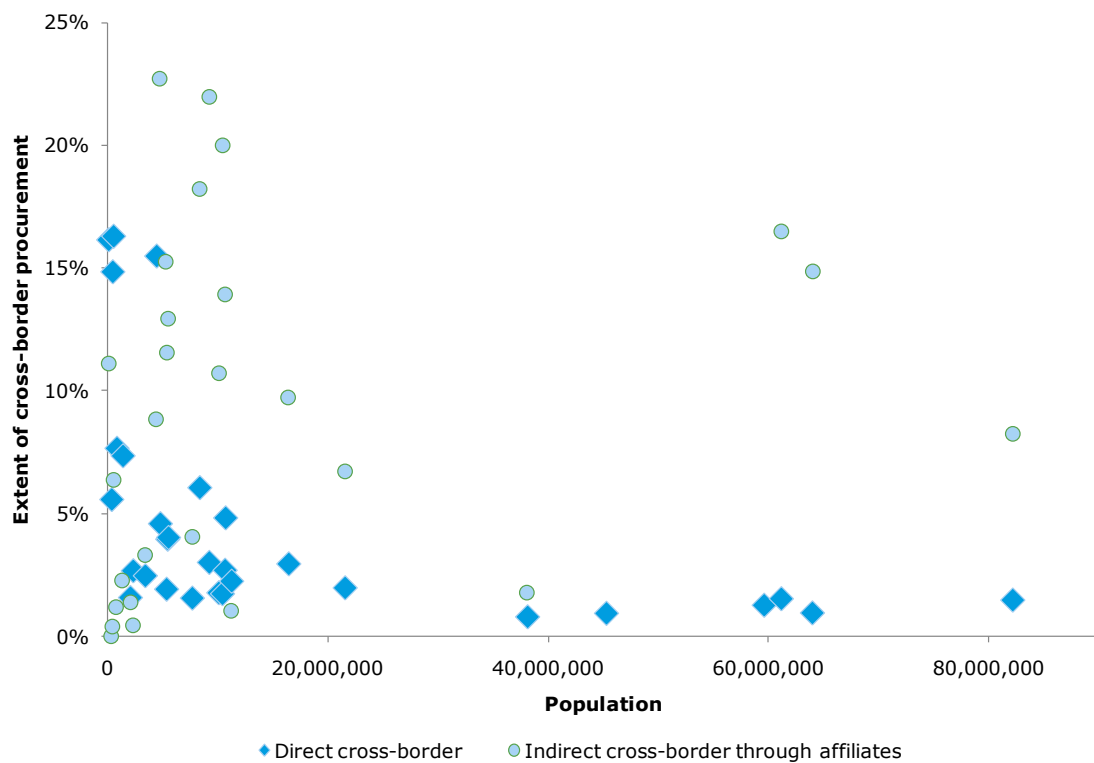
The extent of indirect cross-border procurement through affiliates seems *not* to be linked to the size of the country.

Table 21: Relationship of population and cross-border procurement (no. of awards)

	Population	Direct cross-border			Indirect cross-border through affiliates		
Member State	2008	2007	2008	2009	2007	2008	2009
DE	82,217,837	0.4%	2.7%	1.4%	9.4%	8.3%	7.1%
FR	64,004,333	1.2%	0.8%	0.8%	15.6%	14.6%	14.3%
UK	61,179,256	2.0%	1.8%	0.8%	17.2%	15.8%	16.5%
IT	59,619,290	1.4%	1.2%	1.1%	26.1%	26.8%	32.0%
ES	45,283,259	1.0%	0.3%	1.5%	20.8%	26.2%	28.2%
PL	38,115,641	0.7%	0.7%	1.0%	2.2%	1.7%	1.4%
RO	21,528,627	2.0%	2.7%	1.3%	7.0%	5.8%	7.3%
NL	16,405,399	5.3%	1.7%	1.9%	4.9%	13.6%	10.7%
GR	11,213,785	1.8%	2.1%	2.8%	0.1%	2.1%	0.9%
BE	10,666,866	2.8%	7.2%	4.5%	32.0%	25.8%	19.1%
PT	10,617,575	0.3%	3.6%	4.2%	9.9%	17.4%	14.5%

	Population	Direct cross-border			Indirect cross-border through affiliates		
Member State	2008	2007	2008	2009	2007	2008	2009
CZ	10,381,130	0.5%	3.6%	1.1%	25.0%	16.9%	18.1%
HU	10,045,401	2.2%	1.5%	1.6%	13.7%	9.7%	8.7%
SE	9,182,927	2.0%	4.3%	2.8%	17.3%	21.9%	26.8%
AT	8,318,592	6.6%	5.0%	6.5%	16.2%	22.3%	16.1%
BG	7,640,238	4.0%	0.6%	0.1%	2.5%	5.3%	4.3%
DK	5,475,791	3.1%	7.0%	2.0%	17.7%	10.4%	10.7%
SK	5,400,998	3.6%	4.0%	4.3%	17.6%	7.4%	9.6%
FI	5,300,484	1.3%	2.0%	2.4%	13.3%	19.9%	12.6%
NO	4,737,171	7.0%	1.6%	5.2%	24.9%	20.5%	22.8%
IE	4,401,335	13.6%	19.1%	13.8%	9.1%	6.7%	10.8%
LT	3,366,357	2.8%	3.8%	0.8%	0.1%	0.0%	9.8%
LV	2,270,894	4.2%	3.4%	0.4%	0.3%	0.5%	0.5%
SI	2,010,269	1.5%	1.2%	2.0%	1.2%	1.5%	1.4%
EE	1,340,935	5.2%	9.3%	7.6%	3.9%	1.2%	1.8%
CY	789,269	5.3%	4.9%	12.9%	1.6%	1.8%	0.0%
LU	483,799	18.1%	18.8%	12.1%	6.7%	3.8%	8.5%
MT	410,290	11.3%	13.0%	20.3%	0.0%	1.1%	0.0%
IS	315,459	7.8%	4.0%	4.9%	0.0%	0.0%	0.0%
LI	35,356	0.0%	0.0%	48.5%	33.3%	0.0%	0.0%
TOTAL	502,758,563	1.6%	1.8%	1.4%	11.7%	11.2%	11.4%

Figure 12: Size in terms of population and cross-border procurement (no. of awards)



New and old Member States

A comparison between new⁴⁰ and old⁴¹ Member States (Table 22) shows that the share of *direct* cross-border procurement in the new Member States is 0.6 percentage points higher than in EU-15. However, the share of *indirect* cross-border procurement through affiliates is 9.2 percentage points higher in the old Member States.

Table 22: Cross-border procurement in old and new Member States (no. of awards)

	Old Member States			New Member States			Old Member States	New Member States
	2007	2008	2009	2007	2008	2009	2007-2009	2007-2009
Number of awards	159,642	179,451	218,698	31,467	48,345	49,344	557,790	129,156
Direct cross-border	1.7%	1.9%	1.4%	2.5%	2.7%	1.7%	1.7%	2.3%
Indirect cross-border through affiliates	15.9%	16.0%	16.0%	7.0%	5.9%	7.6%	16.0%	6.8%

Who buys where?

The next tables show to which countries contracts are awarded directly and indirectly through affiliates.

The first two tables show direct cross-border procurement and indirect cross-border procurement through affiliates for EEA Member States. The countries with the most *direct* cross-border awards are Germany (26% of all direct cross-border awards) and the UK (17%).

Geography, history and a common or similar language seem to have an influence on the extent of direct cross-border procurement (see also Chapters 4.1.2. and 4.1.3 below). For example:

- 75% of all contracts awarded directly cross-border by contracting authorities in Ireland (987 awards between 2007 and 2009) and 37% of all contracts awarded directly cross-border by contracting authorities in Malta (36 awards) are awarded to economic operators in the United Kingdom;
- 84% of all contracts awarded directly cross-border by contracting authorities in Austria (524 awards) are awarded to economic operators in Germany;
- 47% of all contracts awarded directly cross-border by contracting authorities in Sweden (542 awards) are awarded to economic operators in Norway and 25% to economic operators in Denmark;
- 35% of all contracts awarded directly cross-border by contracting authorities in Estonia (182 awards) are awarded to economic operators in Finland.

The countries where there are the most *indirect* cross-border awards through affiliates are also Germany (25% of all indirect cross-border awards through affiliates) and the UK (13%). In this case too, geography, history and a shared/similar language clearly play a role.

⁴⁰ Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia

⁴¹ Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom

Table 23: Who buys where – direct – Member States (no. of awards)

		Country of economic operator – share of contracts awarded directly to economic operators per Member State (%) ⁴²																										
		AT	BE	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	NL	PL	PT	RO	SE	SI	SK	UK	NO	
Country of awarding authority	AT		1			84			1		1			5				3	3			1		1				
	BE	1			4	29				25				9		1		27								5		
	BG	74		2		13												2				9						
	CY					7	4			4		65	5		3							1		1		11		
	CZ	6	2			23					5						2		35	16					10			
	DE	51			2		2	2	2			15							4							22		
	DK	2	16		1	36			1	1						15			1	1			1			26	12	
	EE					23	12			35	4				1	3		3	1	4			1			14		
	ES					6					40				12				33							9		
	FI	1			3	47	12	14			4				1				1				16			1	1	
	FR	2	28			40									13				16				2					
	GR	6	2	6	1	10	2		5	3	6				29				18			2	1			9		
	HU	17	2		6	25				5	5				3				25	4					5	5		
	IE	4	3			10			1		1	2			1				3							74		
	IT	44				12			16		2			2					6				1			18		
	LT	6	2		6	18		6	2						6			35	8	5			6					
	LU	2	16			65					11								1							4		
	LV	1			1	50	7	3		2					1	15			4	1			5			11		
	MT						4				4	7			42				4		4					37		
	NL	11	30			37	1		8		9				1									1		3		
	PL	3	3			14				3	10	1			16				5							46		
	PT	1	1		1	17			12	1	6	2		2	9				48								2	
	RO	12	1		2	33			7		9	3	3		16	3			2							9	5	

⁴² Values higher than 10% are highlighted. The fields are empty if there are no such cases in the sample. BG, IS, LI, and MT are not included because there were no awards in the sample.

	Country of economic operator – share of contracts awarded directly to economic operators per Member State (%) ⁴²																										
	AT	BE	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	NL	PL	PT	RO	SE	SI	SK	UK	NO	
	SE	3	7			30	27			3	3			1				20							6	47	
	SI	13	10		4	16				2		12		18				6							18	1	
	SK	10	1		65	6				1	1			2				12	1								
	UK	3	6			39	5			1				30	5				11								
	IS				17	17	50				17																
	LI																										
	NO	7				33	7												12				30			12	
Total	9	7	0	2	26	2	1	2	1	5	2	0	2	7	1	0	1	10	1	0	0	2	0	0	17	2	

Table 24: Who buys where – indirect through affiliates – Member States

		Country of economic operator – share of contracts awarded to economic operators who are foreign affiliates of companies from the presented Member States (%) ⁴³																				
		AT	BE	CY	CZ	DE	DK	ES	FI	FR	GR	HU	IE	IT	LU	MT	NL	PL	PT	SE	UK	NO
Country of awarding authority	AT					41	14	8	5	1		1	1	7	2		10			3	6	
	BE	2				5	5		2	57				1			24			1	3	
	BG	6	3			62							2				26					
	CY																					
	CZ	16	2	1		25	7	9		12				10	0		10	1		3	3	
	DE	7					12			26				19	2		13		1	3	15	2
	DK					10			4	12							5			12	22	34
	EE																			100		
	ES		1			26	6		1	16			11	4	2		10		1	7	15	
	FI	2				1	15			8			5	7			5			36	20	
	FR		7			36	11	1	2				6	2	1		9		1	4	20	
	GR					20	56	6													19	
	HU	27	4	3		30				17				15			3		1		1	
	IE					26	1	5		9				2	2		12				44	
	IT	1				26	4	1		18		1	23		6		3		1	4	13	
	LT						92		1					0						7		
	LU		44			34	6			3	8										6	
	LV								48	9							8			35		
	MT								0					100								
	NL					15	4		2	28			6	0	4	1				12	29	
	PL	8		1		42							6				4		2	20	17	
	PT		2			40		14		23			1				3			11	5	
	RO	8		1		2				8							76				6	

⁴³ Values higher than 10% are highlighted. The fields are empty if there are no cases in the sample. BG, EE, IS, LI, LT, LV, RO, SI, and SK are not included as no contracts in the sample were awarded to economic operators who are foreign affiliates of companies from those Member States.

Country of economic operator – share of contracts awarded to economic operators who are foreign affiliates of companies from the presented Member States (%) ⁴³																					
	AT	BE	CY	CZ	DE	DK	ES	FI	FR	GR	HU	IE	IT	LU	MT	NL	PL	PT	SE	UK	NO
SE	1	3	2		9	18		14	19					4						18	13
SI					67	28							5								
SK	23	1		7	15	11			5		9			8		19				2	
UK					30	4	4		29			9	2	4		14			3		3
IS																					
LI																				0	
NO	1				8	28		6	6			2		4		2			37	7	
Total	3	3	0	0	25	9	1	2	12	0	0	7	3	2	0	11	0	1	6	13	1

The following table looks at *direct* cross-border awards to economic operators located outside the EU and EEA.

Of all direct cross-border procurement from Member States' contracting authorities, 88% is awarded to economic operators in another Member State. Of the remaining 12% to countries outside the EU, Switzerland accounts for the highest share (4%). The share of EU candidate countries, i.e. Turkey, Croatia and Macedonia, is only about 1% each – the same as for Canada, China and the US.

Table 25: Who buys where – direct – non Member States (no. of awards)

Countries of economic operators – share of contracts awarded directly to economic operators per country (%)											
Country of awarding authority	Canada	Switzerland	China	Croatia	Israel	Macedonia	Turkey	USA	Other	EU-27	EEA ⁴⁴
AT		9								91	
BE										100	
BG		10						2		88	
CY		1	2					2	1	95	
CZ	24							5		71	
DE		5								95	
DK								1		88	11
EE		6			1				1	92	
ES										100	
FI				1					3	95	1
FR		7			1			1	14 ⁴⁵	75	
GR		2					1		4	93	
HU		1	4	2				9		84	
IE		2						5		92	
IT		12				10		2		77	
LT										100	
LU		1								99	
LV				1						99	
MT			3		3		6		6	82	
NL		9							1	89	
PL	1	1								97	
PT		1						1	1	95	2
RO	3	1			4			4	4	80	4
SE								2		67	31
SI		8		1						90	1
SK	1							1		98	
UK								1	11	88	
IS			14							86	
LI		100									
NO		2								98	
Total	1	4	0	0	0	0	0	1	4	88	2

⁴⁴ Mainly Norway.

⁴⁵ Mainly French overseas territories.

The following table looks at *indirect* cross-border awards through affiliates to economic operators located outside the EU and EEA.

Of all indirect cross-border procurement through affiliates from Member States' contracting authorities, 60% is awarded to economic operators in another Member State. Of the remaining 40% that goes to countries outside the EU, the United States account for the highest share (24%). This reflects corporate ownership structures.

Table 26: Who buys where – indirect through affiliates – non Member States (no. of awards)

	Country of economic operator – share of contracts awarded to economic operators who are foreign affiliates of companies from the presented countries (%)						
Country of awarding authority	Switzerland	Croatia	Israel	USA	Other	EU-27	EEA
AT	2			10	1	87	
BE				5	6	89	
BG						100	
CY				100			
CZ					1	99	
DE	10			20	8	61	1
DK	2			3	1	70	24
EE						100	
ES	5			24	8	61	2
FI	4			3	6	86	
FR	8			33	9	50	
GR						100	
HU			10			90	
IE	7			20	4	69	
IT	11			28	3	58	
LT						100	
LU	5			1		94	
LV					20	80	
MT						100	
NL	2			11	37	51	
PL	0			12	15	72	
PT	20			13	7	60	
RO						100	
SE	2			16	3	70	9
SI	10	3				87	
SK				4		96	
UK	16			37	9	37	1
IS							
LI	100						
NO	2			4	4	90	
Total	7	0	0	24	7	60	1

Who sells where?

The previous section presented where awarding authorities buy. This section takes the opposite perspective and discusses to which countries economic operators sell.

The following table shows how many contracts were awarded to economic operators of each Member State. Furthermore, it calculates how many of these contracts economic operators won directly cross-border.

The data show that economic operators from Austria, the Netherlands, Belgium, Germany, and Ireland were most successful at selling directly cross-border. For example, 12.2% of all contracts awarded to Austrian economic operators were awarded from contracting authorities located abroad. The figure for the Netherlands is 9.4%, for Belgium 6.9%, for Germany 5.3%, and for Ireland 4.5%.

A high degree of selling abroad does not automatically equate with a high degree of buying abroad. While 5.3% of the contracts won by German economic operators come from outside Germany, Germany's contracting authorities award only about 1.4% of all contracts to economic operators abroad (see above).

Table 27: Who sells where (no. of awards)

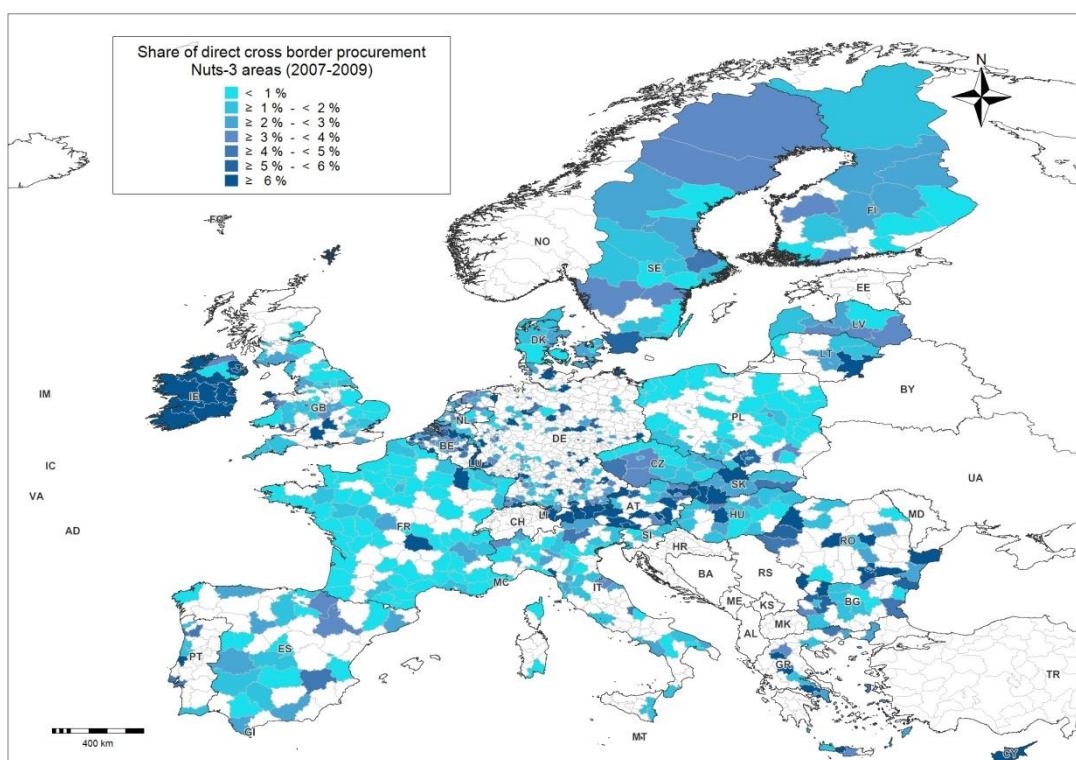
Location of economic operator	Number of contracts awarded to economic operators	Contracts awarded directly cross-border	
AT	9,341	1,140	12.2%
BE	12,843	892	6.9%
BG	10,374	0	0.0%
CY	1,983	13	0.7%
CZ	13,761	234	1.7%
DE	63,480	3,337	5.3%
DK	9,338	268	2.9%
EE	2,288	73	3.2%
ES	36,078	192	0.5%
FI	10,268	158	1.5%
FR	261,869	659	0.3%
GR	9,475	284	3.0%
HU	15,317	51	0.3%
IE	5,673	257	4.5%
IT	42,493	915	2.2%
LT	12,599	114	0.9%
LU	1,000	7	0.7%
LV	10,586	115	1.1%
MT	225	0	0.0%
NL	13,652	1,277	9.4%
PL	207,224	80	0.0%
PT	3,293	1	0.0%
RO	34,638	16	0.0%
SE	17,317	229	1.3%
SI	17,100	3	0.0%

Location of economic operator	Number of contracts awarded to economic operators	Contracts awarded directly cross-border	
SK	4,748	36	0.8%
UK	64,146	2,139	3.3%
IS	212	0	0.0%
LI	130	0	0.0%
NO	8,112	255	3.1%
other⁴⁶	1,473	1,473	100.0%
Total	901,036	14,218	1.6%

Awarding authorities near borders

One might expect the share of direct cross-border procurement to be higher for awarding authorities located close to a land border. NUTS codes of awarding authorities were used to assess this (NUTS codes are a uniform system for identifying different regions in Europe). The following map shows Europe and the extent of direct cross-border procurement per region. For white regions no data was available.

Figure 13: Direct cross-border procurement by regions (no. of awards)

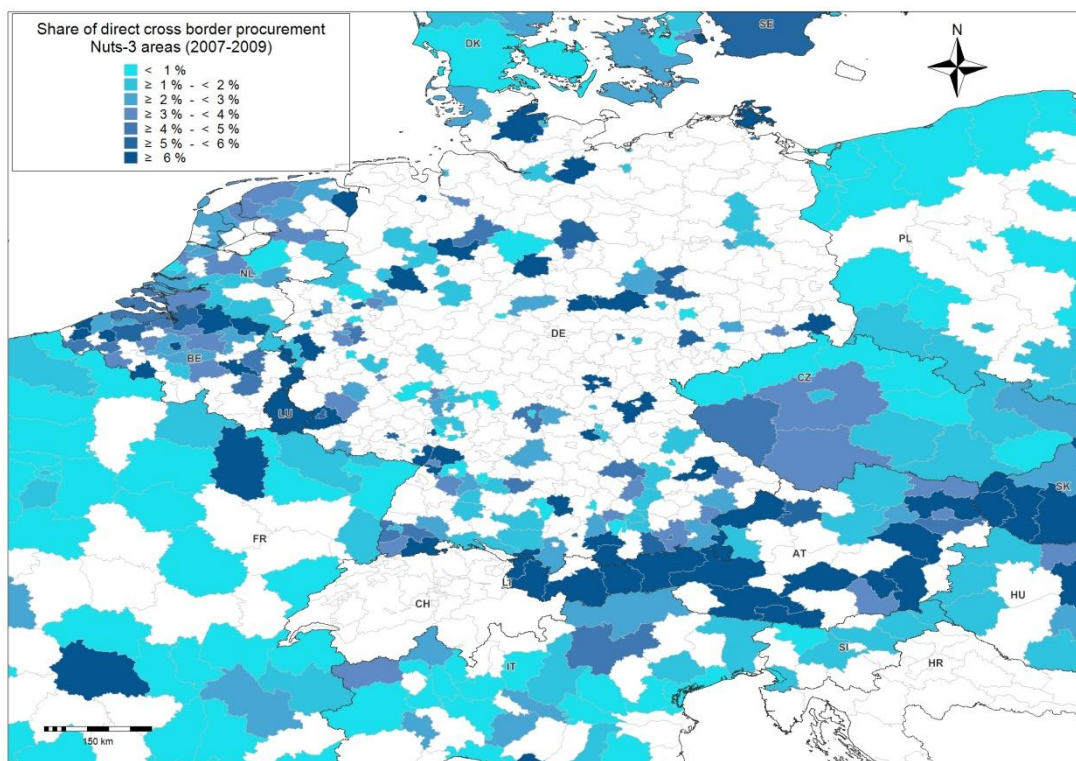


The map was created with RegioGraph. © EuroGeographics for the administrative boundaries.

⁴⁶ For countries other than the EEA Member States only data about contracts awarded by EEA Member States is available. Thus, the share of direct cross-border is 100% for these countries.

The following map focuses on central/western Europe. Some areas with a higher extent of direct cross-border procurement become visible, for example northern Belgium (Flanders) or western Austria.

Figure 14: Direct cross-border procurement (central/western Europe)



The map was created with RegioGraph. © EuroGeographics for the administrative boundaries.

3.3.3 Different economic operators

The analysis of different economic operators highlights potential differences and similarities in the scope of cross-border procurement.

The analysis covers:

- SMEs
- Foreign affiliates
- Consortia
- Subcontracting.

SMEs

This section looks at different company sizes as defined by Commission Recommendation 2003/361/EC⁴⁷. The definition distinguishes between micro, small and medium-sized companies by different thresholds in terms of employees, turnover and balance sheet totals as presented in the following table. Intercompany relationships are taken into account as well. For example, if the parent of a small entity is a large entity, the small entity is regarded being a large entity as well.

⁴⁷ eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:124:0036:0041:en:PDF

Table 28: SME Definition

Enterprise category	Headcount	Turnover	or	Balance sheet total
Medium	< 250	≤ €50 million		≤ €43 million
Small	< 50	≤ €10 million		≤ €10 million
Micro	< 10	≤ €2 million		≤ €2 million

Source: http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm

The size of the successful bidders was assessed using D&B data on employees and turnover. Balance sheet totals were not taken into account as this information was not available, but Intercompany relationships were.

GHK recently conducted an "Evaluation of SMEs' access to public procurement markets in the EU" on behalf of DG Enterprise based on a similar methodology.⁴⁸ It was calculated that about 60% of all awards are to SMEs. Those awards represent about 34% of contract values. Details are presented in the following tables.

Table 29: SMEs' share of public procurement (no. of awards)

	Proportion of SMEs amongst successful bidders				
Year	Micro	Small	Medium	All SMEs	Large
2006	18%	22%	20%	61%	39%
2007	18%	21%	19%	58%	42%
2008	18%	24%	20%	61%	39%
Total	18%	22%	20%	60%	40%

Source: GHK

Table 30: SMEs' share of public procurement (contract values)

	Share of SMEs in total value of contracts awarded (%)				
Year	Micro	Small	Medium	All SMEs	Large
2006	6%	9%	16%	31%	69%
2007	5%	11%	15%	31%	69%
2008	6%	13%	19%	38%	62%
Total	6%	11%	17%	34%	66%

Source: GHK

According to our analysis, of the contracts awarded *directly* cross-border, about

- 17% are awarded to micro entities – representing 6% of total values awarded directly,
- 12% to small entities – representing 6% of total values awarded directly,
- 19% to medium entities – representing 5% of total values awarded directly, and
- 53% to large entities – representing 82% of total values awarded directly.

This means that about 47% of direct cross-border contracts are awarded to SMEs, whereas about 60% of *all* awards (domestic and cross-border) go to SMEs. These awards represent 18% of the total value of all direct cross-border awards, whereas about 34% of the *total value* of domestic and cross-border procurement is awarded to SMEs.

Table 83 in the data annex shows SMEs' shares of direct cross-border procurement per Member State.

Looking at *indirect* cross-border procurement through affiliates shows a different picture. Of those contracts awarded indirectly cross-border through affiliates:

⁴⁸ GHK, "Evaluation of SMEs' access to public procurement markets in the EU", Final Report September 2010, http://ec.europa.eu/enterprise/policies/sme/business-environment/files/smes_access_to_public_procurement_final_report_2010_en.pdf

- 0% are awarded to micro entities,
- 0% to small entities,
- 1% to medium-sized entities, and
- 98% to large entities⁴⁹.

The predominant role of large entities in indirect cross-border procurement through affiliates can be explained by the fact that foreign affiliates are on average larger than the average entity (see the following chapter). Secondly, even if the size and turnover or balance sheet total would normally qualify an affiliate as an SME, it is (most often) identified as a large company because of the corporate linkage rules.

Foreign affiliates

This section compares the extent of indirect cross-border procurement through affiliates with the share of foreign affiliates in the whole economy.

Overall, 11.4% of all contracts are awarded indirectly cross-border through affiliates, i.e. to an enterprise which is located in the same Member State as the contracting authority but is an affiliate of a foreign enterprise. One might expect that this figure would correlate with the role of foreign affiliates in the economy in general. This role can be measured by different indicators: the number of foreign affiliates, their turnover and their value added. While only 0.8% of all enterprises are foreign affiliates, they are larger companies, and represent 23.3% of total turnover and 18.5% of the total value added.

The figure of 11.4% indirect cross-border awards through affiliates is below the share of foreign affiliates' total turnover and value added. This indicates that foreign affiliates might be underrepresented in public procurement. However, this could not be verified statistically, cf. Table 52 in chapter 4.2, as the results of the model were not statistically significant.

The following table presents the data in detail per Member State. Due to limitations in terms of data availability, some countries are not covered and the figures for foreign affiliates relate to the year 2006.

Table 31: Indirect cross-border procurement through affiliates (2006)

		Indirect cross-border public procurement through affiliates ⁵⁰		Share of foreign affiliates ⁵¹		
		Number of awards	Contract values	Number of enterprises	Turnover or gross premiums written	Value added at factor cost
BG	Bulgaria	4.3%	3%	2.3%	32.6%	31.4%
CY	Cyprus	1.1%	1%	0.8%	7.4%	5.6%
CZ	Czech Republic	19.2%	26%	2.0%	45.4%	40.3%
DE	Germany	8.1%	10%	n/a	19.5%	14.2%
DK	Denmark	12.9%	9%	1.6%	22.1%	22.0%
EE	Estonia	2.1%	1%	1.7%	24.8%	27.0%
ES	Spain	25.1%	10%	0.2%	17.1%	13.7%
FI	Finland	15.3%	23%	1.2%	18.6%	16.2%
FR	France	14.8%	19%	0.8%	23.5%	18.9%
HU	Hungary	10.3%	13%	0.6%	46.4%	44.5%
IT	Italy	28.6%	20%	0.3%	16.0%	12.3%

⁴⁹ Does not total 100% because of rounding.

⁵⁰ Average 2007 to 2009

⁵¹ Year 2006. Sources: Eurostat Structural Business Statistics (SBS), Eurostat Foreign Affiliates Statistics (FATS)

		Indirect cross-border public procurement through affiliates ⁵⁰		Share of foreign affiliates ⁵¹		
		Number of awards	Contract values	Number of enterprises	Turnover or gross premiums written	Value added at factor cost
LT	Lithuania	3.2%	1%	1.8%	29.5%	23.2%
LV	Latvia	0.4%	1%	4.8%	29.2%	26.7%
PT	Portugal	13.8%	10%	0.6%	19.3%	17.6%
RO	Romania	6.6%	9%	1.0%	37.0%	36.6%
SE	Sweden	21.7%	43%	1.8%	33.4%	28.6%
SI	Slovenia	1.4%	1%	1.9%	20.6%	16.5%
SK	Slovakia	10.5%	16%	5.0%	46.3%	40.0%
UK	United Kingdom	16.5%	15%	1.1%	30.9%	23.8%
Total		11.4%	15%	15%	23.3%	18.5%

Subcontracting

There seems to be no link between contracts including subcontracting and the share of direct cross-border procurement. In the case of subcontracting, the share of direct cross-border procurement is only 0.4 percentage points higher than where there is no subcontracting.

The numbers for the share of indirect cross-border procurement through affiliates suggest that there might be a link between an award with subcontractor and the share of indirect cross-border procurement. The share of indirect cross-border procurement is 2.5 percentage points higher if there is no subcontractor.

Table 32: Subcontracting and cross-border procurement (no. of awards)

Subcontracting	Awards	Direct cross-border	Indirect cross-border through affiliates
Yes	68,548	2.0%	7.7%
No	550,129	1.6%	10.2%
Not specified	282,358	1.5%	14.7%

3.3.4 Classical and Utilities Directive

The chapter examines differences in terms of cross-border procurement between the so-called Classical⁵² and Utilities⁵³ Directives.

Directive 2004/17/EC ('Utilities Directive') deals with procurement procedures in special sectors (water energy, transport, and postal services) and Directive 2004/18/EC ('Classical Directive') deals with most other procurement carried out by public authorities.

The main reason for the existence of a special Utilities Directive is the fact that the activities concerned involve the use of (physical) networks or operation in geographical areas, requiring access to the – often limited – network equipment and/or special or exclusive rights granted by

⁵² Directive 2004/18/EC of the European Parliament and of the council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts

⁵³ Directive 2004/17/EC of the European Parliament and of the council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors

Member States. The activities concerned may therefore not be directly exposed to competition and/or access may be restricted. This requires a specific public procurement regime – albeit a more flexible regime, bearing in mind that the Directive applies not only to public bodies but also to private undertakings operating on the basis of special or exclusive rights. In addition to the higher thresholds for supplies and service contracts, examples of the additional flexibility are the freedom to choose negotiated procedure with a call for competition, certain exclusions – e. g. for contracts intended for resale – and less rigid provisions on deadlines.

Table 33 shows an overview of the share of direct cross-border and indirect cross-border procurements through affiliates under the two Directives. The average share of direct cross-border procurement covered by the Classical Directive is 1.3% and the average share of direct cross-border procurement covered by the Utilities Directive is 4.3%. However, there is no significant difference for indirect cross-border procurement through affiliates.

Table 33: Classical and Utilities Directives and cross-border procurement (no. of awards)

Directive	Year	Number of awards	Direct cross-border	Indirect cross-border through affiliates
Classical Directive	2007	234,004	1%	12%
	2008	276,945	2%	11%
	2009	333,049	1%	11%
	Subtotal	843,999	1%	11%
Utilities Directive	2007	16,259	4%	12%
	2008	19,299	5%	12%
	2009	21,479	4%	10%
	Subtotal	57,037	4%	11%

Table 34 shows the shares of contract values for the two Directives. Again, the average share of direct cross border procurement is higher for the Utility Directive compared to the Classical Directive.

Table 34: Directives and cross-border procurement (contract values)

Directive	Year	Values (m EUR)	Direct cross-border	Indirect cross-border through affiliates
Classical Directive	2007	130,669.4	3%	11%
	2008	146,882.0	3%	14%
	2009	171,231.0	2%	13%
	Subtotal	448,782.4	3%	13%
Utilities Directive	2007	26,380.3	9%	18%
	2008	32,404.7	7%	13%
	2009	35,012.5	7%	18%
	Subtotal	93,797.4	7%	16%

Table 84 in the data annex shows the shares of direct cross-border and indirect cross-border procurement awards through affiliates per Member State and Directive. The table underpins the results discussed above. The share of direct cross-border procurement is higher for the Utilities Directive in all countries except Poland. The highest level of cross-border procurement can be found in Cyprus (53%). The numbers in the other small island states, Malta and Iceland, are similar. The share of indirect cross-border procurement through affiliates varies among Member

States and is typically similar (of the same magnitude) for Classical and Utilities Directive for a given Member State.

Table 85 in the data annex shows the shares of contract values. The table underpins the results discussed above. The share of direct cross-border procurement is higher for the Utilities Directive in most countries than for the Classical Directive.

There are several factors which could explain the higher degree of cross-border procurement under the Utilities Directive. First, the Utilities Directive applies to different sectors that might be acquiring a different set of goods from the contracting authorities in scope of the Classical Directive. Secondly, the regime is more flexible (see above).). For example, a negotiated procedure can be used more often and the share of direct-cross border procurement is highest at negotiated procedures (see page 73 below).

3.3.5 Type of contract (works/supplies/services)

This section examines the extent of direct and indirect cross-border procurement through affiliates per contract type: works, supplies and services.

The share of direct cross-border procurement is quite balanced for all types of contract (1-2% on average for the period 2007-2009), as Table 35 shows. Comparing direct and indirect cross-border procurement through affiliates, the share of indirect cross-border procurement through affiliates is higher for all contract types, ranging from 5% for works contracts to 13% for supplies contracts.

Table 35: Contract types and cross-border procurement (no. of awards)

	Number of awards			Direct cross-border			Indirect cross-border through affiliates		
Year	Services	Supplies	Works	Ser-vices	Sup-plies	Works	Ser-vices	Sup-plies	Works
2007	7,204	88,870	23,359	1%	2%	1%	9%	14%	5%
2008	64,939	104,118	21,960	1%	3%	1%	7%	13%	4%
2009	79,387	108,720	27,878	1%	1%	1%	7%	14%	5%
Total	201,530	301,709	73,197	1%	2%	1%	7%	13%	5%

Calculating shares of values shows a more pronounced pattern. Supplies contracts' share of direct cross border procurement rises to 7%. Services and works contracts' share is 2%. Supplies contracts again have the highest share of indirect cross border procurement through affiliates (25%) (Table 36).

Table 36: Contract types and cross-border procurement (contract values)

	Values (m EUR)			Direct cross-border			Indirect cross-border through affiliates		
Year	Services	Supplies	Works	Ser-vices	Sup-plies	Works	Ser-vices	Sup-plies	Works
2007	47,086.5	39,053.5	70,909.7	2%	8%	2%	15%	22%	3%
2008	55,409.1	44,186.4	79,691.2	3%	7%	2%	15%	21%	7%
2009	70,668.6	46,635.2	88,939.6	2%	6%	3%	12%	32%	6%
Total	173,164.2	129,875.1	239,540.5	2%	7%	2%	14%	25%	6%

The public procurement Directives in fact differentiate between two categories of service (A and B) as laid down in Annex II of Directive 2004/18/EC and Annex XVII of Directive 2004/17/EC⁵⁴. Category A includes 16 subjects that were assumed to be better suited for cross-border procurement. The eleven subjects in category B were assumed to be less suited for cross-border procurement.

This distinction has an impact on the level of detail of the rules to be followed in the procurement process. When procuring category A services, all procedural rules have to be taken into account.⁵⁵ These rules support the entire procurement process from the content of a call for tenders through the selection of the procurement procedure to the contract award for both contracting authorities and economic operators. For category B services the process is less restrictive and detailed. Only a few procedural rules and formalities have to be followed.⁵⁶

Table 86 and Table 87 in the data annex show shares of direct cross border procurement and indirect cross border procurement through affiliates, distinguishing between services IIA, services IIB, services not specified, supplies, and works per Member State.

The following table differentiates between A and B services. It illustrates the extent of cross-border procurement of services contracts per service category and each single related subject in terms of the total number of awards as well as the respective shares.

Within B services, about 38% of awards (41,470 of 108,916) were originally classified as "Other services". They represent about 39% of contract values. A manual check was then carried out to verify whether some of these contracts are in fact A services. This was done by examining CPV codes (CPV codes are 8-digit codes that represent different types of products.) Annex VI and VII of Commission Regulation (EC) No 213/2008 lists which CPV codes belong to which service category.

It turned out that on the basis of the CPV codes:

- 9% of awards classified as "Other services" were in fact supplies or works;
- 25% were A services;
- 8% were B services, however belonging to one of the specific service categories within B services;
- 58% were correctly classified as "Other services".

Consequently, the data was amended and the service categories changed accordingly.⁵⁷

In line with the distinction between A and B services, it might be expected that the share of cross-border procurements (direct and indirect through affiliates) would be significantly higher for A services than for B services. This can be confirmed, at least to a certain extent. Type A service contracts have a share of 1.4% of direct and 11.0% of indirect cross-border procurement through affiliates, compared to 0.7% and 3.3% respectively for type B service contracts (cf. tables below).

The highest share of direct cross-border procurements is found in service category "03: Air transport services of passenger and freight, except transport of mail" (6.3%). When looking at the subjects with the lowest share, it is striking that for three service categories there is no direct cross-border procurement at all: "04: Transport of mail by land and by air", "09: Accounting, auditing and bookkeeping services" and "14: Building-cleaning services and property management services". For indirect cross-border procurement through affiliates, the highest share is in service category "06: Financial services" (23.3%), while the lowest is in service category "02: Land transportation services" (1.5%).

For some of the B service subjects, direct cross-border procurement plays only a very small role, with a share of less than 0.5%. However, in other categories of B service the extent of cross-

⁵⁴ Further referred to as II A/II B or A/B services, i.e. even if only II A/IIB Annex is mentioned also the Utilities sectors are referred to.

⁵⁵ According to Article 20 of Directive 2004/18/EC contracts referring to services listed in Annex II A shall be awarded in accordance with Articles 23 to 55.

⁵⁶ According to Article 21 of Directive 2004/18/EC contracts referring to services listed in Annex II B shall be subject solely to Article 23 (Technical Specifications) and Article 35(4) (contract award notice).

⁵⁷ The manually changed data has been used only for Table 37 and Table 38. For this reason, the totals in these tables are slightly different from totals presented in other tables.

border procurement is even higher than the average for A services. However, this study only covers contract awards that were published in the OJ/TED, i.e. the cross-border performance of B services contracts which were not published in the OJ/TED could not be analysed. Thus, the proportion of B services contracts awarded cross-border could be different in reality.

Table 37: Service categories and cross-border procurement (no. of awards)

	Service Category	Number of awards	Direct cross-border	Indirect cross-border through affiliates
IIA	01: Maintenance and repair services	28,192	1.8%	13.3%
	02: Land transportation services, including armoured car services, and courier services, except transportation of mail	26,632	0.4%	1.5%
	03: Air transport services of passenger and freight, except transport of mail	1,503	6.3%	6.4%
	04: Transport of mail by land and by air	2,111	0.0%	3.2%
	05: Telecommunications services	9,627	0.3%	18.9%
	06: Financial services: (a) Insurances services (b) Banking and investment services	26,522	0.9%	23.3%
	07: Computer and related services	19,326	2.7%	17.7%
	08: Research and development services	1,725	7.1%	17.3%
	09: Accounting, auditing and bookkeeping services	2,198	0.0%	4.1%
	10: Market research and public opinion polling services	2,290	4.1%	16.7%
	11: Management consulting services and related services	7,034	4.8%	7.2%
	12: Architectural services; engineering services and integrated engineering services; urban planning and landscape engineering services; related scientific and technical consulting services; technical testing and analysis services	39,192	2.0%	5.7%
	13: Advertising services	3,529	1.2%	9.2%
	14: Building-cleaning services and property management services	22,363	0.0%	11.6%
	15: Publishing and printing services on a fee or contract basis	5,663	0.4%	6.2%
	16: Sewage and refusal disposal services; sanitation and similar services	20,737	0.6%	7.6%
	Subtotal	218,644	1.4%	11.0%
IIB	17: Hotel and restaurant services	6,978	0.0%	10.9%
	18: Rail transport services	475	1.5%	12.2%
	19: Water transport services	176	2.3%	6.1%
	20: Supporting and auxiliary transport services	3,649	0.3%	2.6%
	21: Legal services	1,680	1.9%	0.7%
	22: Personnel placement and supply services	2,373	0.3%	15.3%
	23: Investigation and security services, except armoured car services	7,030	0.8%	6.8%
	24: Education and vocational education services	15,964	0.6%	1.4%
	25: Health and social services	29,528	0.2%	1.2%
	26: Recreational, cultural and sporting services	4,065	5.1%	2.4%
	27: Other services	19,159	0.7%	2.9%
	Subtotal	91,078	0.7%	3.3%
Total⁵⁸		309,722	1.2%	8.7%

⁵⁸ Totals are different from totals presented in other tables as the manually changed data has been used only for this table.

Table 38: Service categories (contract values)

	Service Category	Values (m EUR)	Direct cross-border	Indirect cross-border through affiliates
IIA	01: Maintenance and repair services	21,657.5	2.8%	10.8%
	02: Land transportation services, including armoured car services, and courier services, except transportation of mail	9,260.2	0.5%	3.8%
	03: Air transport services of passenger and freight, except transport of mail	1,048.3	1.4%	52.8%
	04: Transport of mail by land and by air	1,341.0	3.6%	0.6%
	05: Telecommunications services	3,474.7	1.4%	7.7%
	06: Financial services: (a) Insurances services (b) Banking and investment services	14,262.2	3.5%	36.4%
	07: Computer and related services	15,452.8	2.8%	41.0%
	08: Research and development services	700.4	3.2%	21.8%
	09: Accounting, auditing and bookkeeping services	662.1	0.6%	0.2%
	10: Market research and public opinion polling services	686.6	3.2%	40.5%
	11: Management consulting services and related services	3,917.8	10.4%	11.4%
	12: Architectural services; engineering services and integrated engineering services; urban planning and landscape engineering services; related scientific and technical consulting services; technical testing and analysis services	15,916.2	4.8%	3.6%
	13: Advertising services	1,832.0	3.4%	3.7%
	14: Building-cleaning services and property management services	10,107.0	0.4%	20.3%
	15: Publishing and printing services on a fee or contract basis	1,044.6	1.8%	10.1%
	16: Sewage and refusal disposal services; sanitation and similar services	15,822.7	1.3%	9.8%
	Subtotal	117,185.9	2.8%	16.2%
IIB	17: Hotel and restaurant services	5,423.8	0.3%	39.1%
	18: Rail transport services	2,008.4	0.1%	52.5% ⁵⁹
	19: Water transport services	1,229.8	9.2%	1.3%
	20: Supporting and auxiliary transport services	1,976.5	0.6%	2.7%
	21: Legal services	417.8	21.2%	2.6%
	22: Personnel placement and supply services	1,342.1	0.0%	1.7%
	23: Investigation and security services, except armoured car services	2,663.6	0.1%	8.4%
	24: Education and vocational education services	2,548.1	1.7%	10.5%
	25: Health and social services	13,046.2	0.1%	0.6%
	26: Recreational, cultural and sporting services	847.6	2.9%	3.9%
	27: Other services	8,653.0	2.1%	3.4%
	Subtotal	40,156.9	1.2%	12.1%
Total⁶⁰		157,342.8	2.4%	14.6%

⁵⁹ The high figure is due to an outlier, i.e. a single award with both a relatively high contract value and a high weighting factor for extrapolation.

⁶⁰ Totals are different from totals presented in other tables as the manually changed data has been used only for this table.

3.3.6 Products

The type of product procured can be examined looking at the CPV codes. Awarding authorities are obliged to use CPV codes when publishing procurement notices. This is meant to simplify the search for suitable tenders for economic operators, enabling them to search specifically for the products they offer and provide a multilingual tool⁶¹ that should enhance cross-border transparency in public procurement.

The first two digits of a CPV code represent the so-called division – the highest level of this classification. The following table presents information on the number of awards per CPV division and the extent of direct cross-border procurement and indirect cross-border procurement through affiliates. However, only data for the year 2009 is included because the system of CPV codes was changed in the course of the year 2008.⁶²

Public sector import penetration is also presented. Import penetration is defined as value of imports compared to total use. These figures have been calculated by analysing input-output tables (cf. chapter 2). Input-output tables distinguish product classes not by CPV codes but by CPA codes⁶³. Thus, CPA codes have been matched to CPV codes where possible. However, it should be kept in mind that CPV and CPA are similar, albeit still different, classification systems.

The figures for public sector import penetration are in most cases higher than the figures for direct cross-border procurement and indirect cross-border procurement through affiliates. This is possible because contracting authorities can purchase imported products from local wholesalers. These cases are considered neither direct nor indirect cross-border procurement through affiliates but indirect through wholesaling/distributors (cf. chapter 3.1). However, in the input-output table these cases count as imports by the public sector.

⁶¹ CPV is translated into all EU languages.

⁶² Commission Regulation (EC) No 213/2008 of 28 November 2007 amending Regulation (EC) No 2195/2002 of the European Parliament and of the Council on the Common Procurement Vocabulary (CPV) and Directives 2004/17/EC and 2004/18/EC of the European Parliament and of the Council on public procurement procedures, as regards the revision of the CPV

⁶³ Statistical Classification of Products by Activity

Table 39: Product groups (CPV divisions) and cross-border procurement (no. of awards)

		Number of awards (2009 only)			Contract values (2009 only)				
CPV Division		Number of awards	Direct cross-border	Indirect cross-border through affiliates	Values (m EUR)	Direct cross-border	Indirect cross-border through affiliates	CPA (product classification used in input-output tables)	Import penetration public sector (2005)
3	03: Agricultural, Farming, Fishing, forestry and related Products	959	12%	2%	163.4	7%	0%	1: Products of agriculture	14%
9	09: Petroleum Products, Fuel, Electricity and other Sources of Energy	6,240	0%	14%	7,183.6	4%	55%	40: Electrical energy/gas/steam	12%
14	14: Mining, Basic Metals and related Products	725	1%	19%	411.8	3%	0%	14: Other mining products	52%
15	15: Food, Beverages, tobacco and related Products	12,583	1%	11%	4,133.7	1%	16%	15: Food products and beverages	19%
16	16: Agricultural Machinery	368	11%	9%	46.0	2%	4%		
18	18: Clothing, Footwear, Luggage Articles and Accessories	2,941	5%	3%	526.3	7%	11%	17: Textiles	54%
19	19: Leather and Textile Fabrics, Plastic and Rubber Materials	926	0%	4%	107.6	13%	0%	19: Leather and leather products	37%
22	22: Printed Matter and related Products	2,731	4%	5%	555.5	5%	6%	22: Printed matter/recorded media	7%
24	24: Chemical Products	3,816	1%	30%	707.2	2%	19%	24: Chemicals/chemical products	50%
30	30: Office and Computing Machinery, Equipment and Supplies except Furniture and Software Packages	8,234	1%	27%	2,650.9	2%	30%	30: Office machinery/computers	77%
31	31: Electrical Machinery, Apparatus, Equipment and Consumables; Lighting	2,681	4%	15%	1,720.8	18%	48%	31: Electrical machinery/apparatus	34%

		Number of awards (2009 only)			Contract values (2009 only)				
CPV Division		Number of awards	Direct cross-border	Indirect cross-border through affiliates	Values (m EUR)	Direct cross-border	Indirect cross-border through affiliates	CPA (product classification used in input-output tables)	Import penetration public sector (2005)
32	32: Radio, Television, Communication, Telecommunication and related Equipment	2,357	6%	11%	2,341.4	6%	16%	32: TV/communication equip.	49%
33	33: Medical Equipments, Pharmaceuticals and Personal Care Products	102,603	1%	16%	10,683.0	1%	45%		
34	34: Transport Equipments and Auxiliary Products to Transportation	12,700	2%	11%	8,079.1	10%	8%	35: Other transport equipment	39%
35	35: Security, Fire-Fighting, Police and Defence Equipment	1,259	6%	11%	553.4	32%	3%		
37	37: Musical Instruments, Sport Goods, Games, Toys, Handicraft, Art Materials and Accessories	300	15%	0%	114.5	6%	0%		
38	38: Laboratory, Optical and Precision Equipments (Excl.Glasses)	4,006	7%	27%	957.0	14%	42%		
39	39: Furniture (Incl. Office Furniture), Furnishings, Domestic Appliances (Excl. Lighting) and Cleaning Products	6,140	1%	6%	1,529.8	3%	4%	36: Furniture/other manufact. goods	19%
41	41: Collected and Purified Water	100	0%	31%	118.8	0%	75%	41: Collected and purified water	0%
42	42: Industrial Machinery	2,889	6%	16%	1,749.3	36%	16%	29: Machinery and equipment n.e.c.	31%
43	43: Machinery for Mining, Quarrying, Construction Equipment	728	2%	0%	531.3	10%	0%		
44	44: Construction Materials and Auxiliary Products to Construction	5,298	3%	12%	1,730.4	4%	12%		

		Number of awards (2009 only)			Contract values (2009 only)				
CPV Division		Number of awards	Direct cross-border	Indirect cross-border through affiliates	Values (m EUR)	Direct cross-border	Indirect cross-border through affiliates	CPA (product classification used in input-output tables)	Import penetration public sector (2005)
45	45: Construction Work	40,347	1%	5%	86,210.1	2%	6%	45: Construction work	1%
48	48: Software Package and Information Systems	1,776	3%	22%	1,167.2	7%	18%		
50	50: Repair and Maintenance Services	10,890	2%	15%	8,005.3	3%	15%		
51	51: Installation Services (except Software)	319	18%	0%	186.6	18%	0%		
55	55: Hotel, Restaurant and Retail Trade Services	3,285	0%	11%	1,980.1	0%	44%	55: Hotel and restaurant services	14%
60	60: Transport Services (Excl. Waste Transport)	12,795	0%	2%	6,702.6	5%	19%	60: Land transport	3%
63	63: Supporting and Auxiliary Transport Services; Travel Agencies Services	1,307	0%	2%	1,041.0	0%	0%	63: Auxiliary transport services	2%
64	64: Postal and Telecommunications Services	4,756	1%	17%	1,803.6	2%	3%	64: Post/Telecommunication	12%
65	65: Public Utilities	730	0%	13%	1,393.0	0%	6%		
66	66: Financial and Insurance Services	10,471	0%	17%	8,294.7	4%	20%	65: Financial intermediation	7%
70	70: Real Estate Services	506	0%	9%	512.4	2%	0%	70: Real estate services	0%
71	71: Architectural, Construction and Inspection Services	14,710	4%	6%	6,757.0	4%	2%		
72	72: It Services: Consulting, Software Development, Internet and Support	7,597	5%	16%	5,621.8	4%	16%	72: Computer and related services	12%

		Number of awards (2009 only)			Contract values (2009 only)				
CPV Division		Number of awards	Direct cross-border	Indirect cross-border through affiliates	Values (m EUR)	Direct cross-border	Indirect cross-border through affiliates	CPA (product classification used in input-output tables)	Import penetration public sector (2005)
73	73: Research and Development Services and related Consultancy Services	1,295	1%	15%	506.4	6%	12%	73: Research and development	6%
75	75: Administration, Defence and Social Security Services	831	0%	5%	451.8	5%	5%	75: Public administration etc	0%
76	76: Services related to the Oil and Gas Industry	218	13%	14%	464.6	2%	28%		
77	77: Agricultural, forestry, Horticultural, Aquacultural, Apicultural Services	6,177	0%	5%	1,667.7	0%	3%		
79	79: Business Services: Law, Marketing, Consulting, Recruitment, Printing and Security	13,091	1%	9%	4,740.6	2%	5%	74: Other business services	8%
80	80: Education and Training Services	7,139	0%	2%	1,333.6	1%	16%	80: Education services	0%
85	85: Health and Social Work Services	15,867	0%	2%	8,335.9	1%	4%	85: Health and social work services	0%
90	90: Sewage-, Refuse-, Cleaning-, and Environmental Services	15,938	0%	12%	9,935.4	0%	4%	90: Sewage/refuse disposal serv.	1%
92	92: Recreational, Cultural and Sporting Services	1,021	12%	9%	572.2	3%	14%	92: Recreational, cultural services	1%
98	98: other Community, Social and Personal Services	1,859	0%	7%	1,027.3	1%	6%	93: Other services	2%
Not specified		1,021	1%	8%	938.0	1%	8%		
Total		354,527	1%	11%	206,243.5	3%	14%		

3.3.7 Other factors

This chapter briefly presents other factors which may impact the extent of cross-border procurement.

Types of contracting authorities

Table 40 shows that central government and national or federal agencies have a higher share of direct cross-border procurement than local authorities or regional and local agencies. Central government and national or federal agencies have an average share of direct cross-border procurement of 2.3%. Local authorities and regional and local agencies have an average share of 0.9%. The utilities sectors have the highest share of direct cross-border procurement with 4.3%. The share again underpins the fact that the utilities sector has a higher share of direct cross-border procurement than other sectors (cf. Table 33 above).

The picture is different for indirect cross-border procurement through affiliates. Central government and national or federal agencies have an average share of indirect cross-border procurement through affiliates of 10%. The local authorities and regional and local agencies have an average share of 12.8%, 2.8 percentage points higher than the central government and national or federal agencies.

Table 40: Type of contracting authority and cross-border procurement (no. of awards)

Description	Number of awards	Direct cross-border	Indirect cross-border through affiliates
Central government	96,646	3.1%	11.5%
National or federal Agency/Office	11,363	1.4%	8.5%
Local authorities	243,713	0.8%	12.9%
Regional or local Agency/Office	19,348	0.9%	12.7%
Body governed by public law	262,286	1.5%	9.0%
Utility sectors⁶⁴	56,572	4.3%	11.2%
Other	202,474	1.0%	12.4%
Not specified	8,631	5.0%	21.9%
Total	901,034	1.6%	11.4%

Table 41 shows contract values. The result is similar. Central government and national or federal agencies have the highest shares of direct cross border procurement with 5% and 3.2% respectively. Again, the water, energy, transport and telecommunications sectors have the highest share of direct cross border procurement (7.2%)

⁶⁴ Cf. Table 33 above. The number of awards is different here as some records provided incomplete data on contracting authority type.

Table 41: Type of contracting authority (contract values)

Description	Values (m EUR)	Direct cross-border	Indirect cross-border through affiliates
Central government	81,029.1	5.0%	9.4%
National or federal Agency/Office	9,499.6	3.2%	12.4%
Local authorities	133,861.9	1.2%	12.1%
Regional or local Agency/Office	15,170.2	2.0%	19.3%
Body governed by public law	114,867.5	2.3%	13.9%
Utility sectors⁶⁵	92,704.8	7.2%	16.4%
Other	90,404.9	3.2%	13.8%
not specified	5,041.8	7.8%	10.1%
Total	542,579.8	3.5%	13.4%

Main activities or activities of the contracting authority

Table 42 shows the share of direct cross-border and indirect cross-border through affiliates by main activity⁶⁶ of the awarding authority or entity and by Directive.

The table illustrates the use of a particular Directive as a statutory basis and the share of direct cross-border and indirect cross-border procurement through affiliates and the relationship with the activity of the contracting authority.

The average share of direct cross-border procurement where the Classical Directive is the statutory basis is 1.4%. The average share of indirect cross-border procurement through affiliates is 11.4%. The highest share of direct cross-border procurement (5.2%) relates to "Economical and Financial Affairs" where the Classical Directive is the statutory basis. The highest share of indirect cross-border procurement through affiliates is that of contracting authorities with the activity "Recreation, culture and religion". The share is 17.7%. The activity "Social protection" has the lowest share of direct cross-border procurement with 0.1%.

The Utilities Directive has a higher than average share of direct cross-border procurement (4.3%), but a lower share of indirect cross-border procurement through affiliates with 11.2%. Contracting authorities whose activity is "Exploration and extraction of gas and oil" have a share of direct cross-border procurement of 12.5%. The "post-related services" activity has a similar share (10.9%). "Exploration and extraction of gas and oil" also has the highest share of indirect cross-border procurement through affiliates. The share is 31.5%. "Postal services" has the lowest share of direct cross-border procurement with 0.8%.

⁶⁵ Cf. Table 34 above. Values are different here as some records provided incomplete data on contracting authority type.

⁶⁶ For the classical Directive the activities are defined according to the COFOG classification ('Classification of the functions of government'), cf. [http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:Classification_of_the_functions_of_government_\(COFOG\)](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:Classification_of_the_functions_of_government_(COFOG))

Table 42: Main activity of contracting authority (no. of awards)

	Main activity of the contracting authority		Number of awards	Direct cross-border	Indirect cross-border through affiliates
Classical Directive	A	Housing and community amenities	21,375	0.3%	7.3%
	B	Social protection	7,813	0.1%	12.4%
	C	Recreation, culture and religion	4,933	3.5%	17.7%
	D	Defence	18,401	3.0%	12.4%
	E	Environment	13,674	1.5%	5.6%
	F	Economical and Financial Affairs	11,798	5.2%	12.8%
	H	Health	260,389	0.8%	11.3%
	L	Education	35,901	2.5%	9.4%
	S	General public services	127,760	1.3%	10.3%
	U	Public Order and Safety	12,423	2.3%	9.5%
	O	Other	81,578	3.3%	8.8%
	not specified		247,953	1.0%	13.8%
Utilities Directive	G	Production, transport and distribution of gas and heat	5,730	5.8%	10.7%
	I	Airport-related activities	2,812	5.0%	15.7%
	J	Exploration and extraction of gas and oil	540	12.5%	31.5%
	K	Post-related services	489	10.9%	6.6%
	M	Exploration and extraction of coal and other solid fuels	8,232	1.3%	7.9%
	N	Electricity	11,076	8.0%	13.9%
	P	Postal Services	5,140	0.8%	2.6%
	R	Railway services	6,317	4.6%	12.2%
	T	Urban railway, tramway, trolleybus or bus services	7,247	2.7%	14.0%
	W	Water	3,974	3.3%	12.8%
	not specified		5,479	3.7%	9.6%
Total			901,036	1.6%	11.4%

Conclusion of a framework agreement and dynamic purchasing systems

Awards that involve conclusion of a framework agreement or dynamic purchasing system have the same share of direct cross-border procurement or indirect cross-border procurement through affiliates as other awards, as shown in the table below.

Table 43: Framework agreements, dynamic purchasing systems (no. of awards)

	Number of awards	Direct cross-border	Indirect cross-border through affiliates
Conclusion of a framework agreement	125,565	2%	12%
Dynamic Purchasing System	6,587	2%	9%
Neither of the above	768,883	2%	11%

Type of procedure

The table shows the share of direct cross-border procurement and indirect cross-border procurement through affiliates for the different procedures broken down by the two Directives.

The open procedure is the most common procedure when the Classical Directive is the statutory basis. The open procedure was used for 83% of all awards. The open procedure is also the most common procedure if the Utilities Directive is the statutory basis but with a lower share (46%). However, for both the Classical and the Utilities Directive the share of direct cross-border procurement is highest for negotiated procedures.

Table 44: Type of procedure and cross-border procurement (no. of awards)

Procedure	Awards	Classical Directive			Utilities Directive		
		Awards	Direct cross-border	Indirect cross-border through affiliates	Awards	Direct cross-border	Indirect cross-border through affiliates
Open	733,086	706,784	1%	11%	26,301	3%	8%
Restricted	67,912	63,745	2%	13%	4,168	3%	11%
Negotiated with a call for competition	48,584	27,269	4%	17%	21,315	6%	14%
Negotiated without a call for competition	32,998	27,851	4%	11%	5,147	6%	16%
Accelerated restricted	8,836	8,836	2%	15%			
Accelerated negotiated	2,008	2,008	0%	3%			
Competitive dialogue	1,309	1,309	3%	8%			
Other	416	416	0%	6%			
Not specified	5,886	5,781	1%	8%	5,241	1%	13%
Total	901,036	843,999	1%	11%	735,658	4%	11%

The picture is similar when looking at contract values.

Table 45: Type of procedure (contract values)

Procedure	Values (Mill. Euro)	Classical Directive			Utilities Directive		
		Values (m EUR)	Direct cross-border	Indirect cross-border through affiliates	Values (m EUR)	Direct cross-border	Indirect cross-border through affiliates
Open	356,622.0	314,077.2	2%	13%	42,544.9	5%	10%
Restricted	76,128.5	66,887.4	4%	11%	9,241.1	2%	27%
Negotiated with a call for competition	56,011.7	23,250.2	4%	14%	32,761.5	10%	20%
Negotiated without a call for competition	30,429.3	21,325.3	6%	22%	9,104.0	11%	23%
Accelerated restricted	7,177.2	7,177.2	3%	4%			
Accelerated negotiated	1,563.1	1,563.1	23%	9%			
Competitive dialogue	9,170.3	9,170.3	1%	4%			
Other	146.3	119.5	2%	0%	26.8	0%	
Not specified	5,331.5	5,212.2	1%	1%	119.2	33%	22%
Total	542,579.8	448,782.4	3%	13%	93,797.4	7%	16%

Award criteria

A contract can be awarded to the bidder with the lowest price or to the economically most advantageous tender (EMAT). Table 46 shows that the award criteria do not have a significant influence on the share of direct cross-border procurement. The two award criteria have almost the same share of direct cross-border procurement. The share of indirect cross-border procurement through affiliates does however seem to be linked to the award criteria. The award criterion "most economic" has a share of indirect cross-border procurement through affiliates of 14.4%, 8.4 percentage points higher than the award criterion "lowest price".

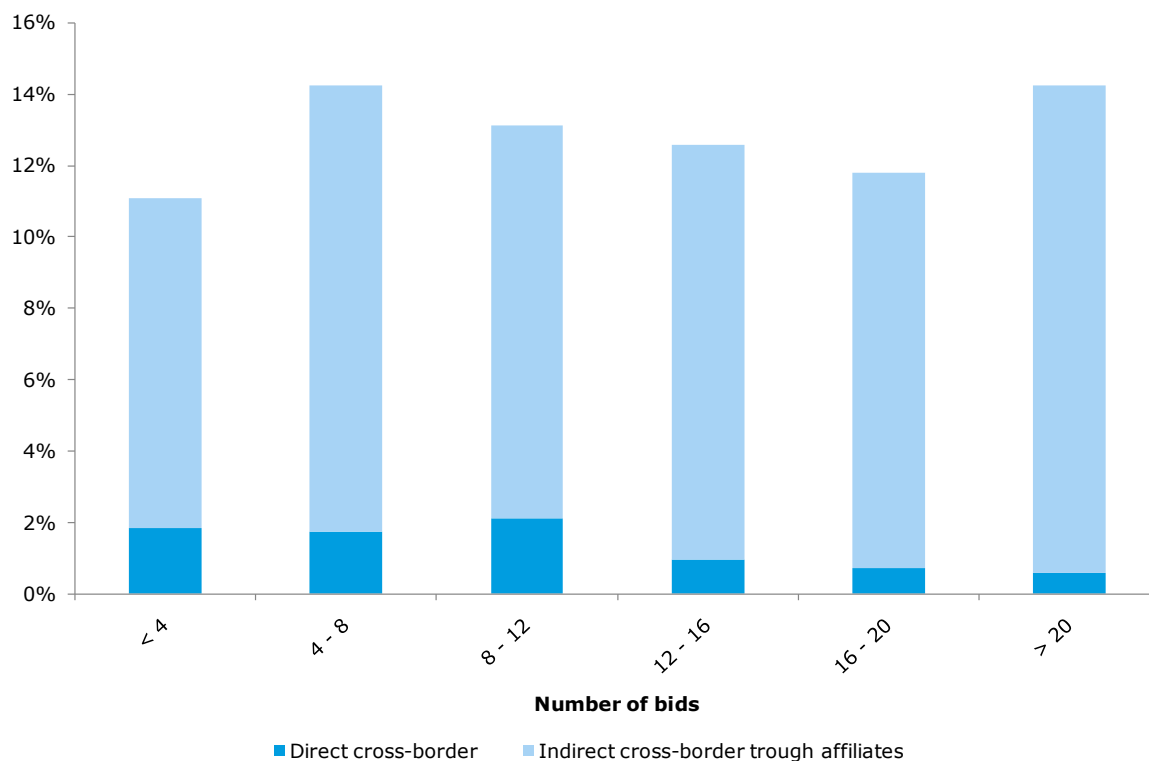
Table 46: Award criteria and cross-border procurement (no. of awards)

Award criteria	Awards	Direct cross-border	Indirect cross-border through affiliates
Lowest price	319,499	1.4%	6.0%
EMAT	544,206	1.7%	14.4%
Not specified	37,328	1.4%	14.7%
Total	901,034	1.6%	11.4%

Number of bids received

The following chart illustrates that there does not seem to be a connection between the share of direct or indirect cross-border procurement through affiliates and the number of bids. The share of direct or indirect cross-border procurement through affiliates is not different if there are a higher number of bids (which might be an indicator of more intense competition).

Figure 15: Influence of number of bids on cross-border procurement (no. of awards)



Contract related to a project and/or programme financed by EU funds

Table 47 illustrates that the share of direct cross-border procurement is higher for contracts financed by community funds. However, the share of indirect cross-border procurement through affiliates is lower for these projects.

Table 47: Projects financed by community funds (no. of awards)

Financing by Community funds	Number of awards	Direct cross-border	Indirect cross-border through affiliates
Yes	38,192	3.0%	5.3%
No	685,286	1.5%	10.7%
Not specified	177,557	1.7%	15.6%

4. EXPLANATORY FACTORS FOR CROSS-BORDER PROCUREMENT

This chapter presents factors that have an influence on the propensity for procurement to take place across borders. It combines findings from different sources, mainly:

- Evaluation of TED data, including a multivariate analysis of the data;
- A survey of economic operators, including a multivariate analysis of the results;
- Qualitative case studies on selected topics.

It first analyses only the influence of several factors on the extent of *direct* cross-border procurement. Then, findings are presented on cross-border procurement in general from the perspective of businesses (the sell side) and contracting authorities (buy side).

4.1 Influence of multiple factors

4.1.1 Compound (multivariate) analysis

Chapter 3.3 presented results on direct cross-border procurement and indirect cross-border procurement through affiliates in detail based on the evaluation of TED data. In this section, this data is analysed in a compound multivariate analysis. The focus is on identifying which factors lead to a higher degree of direct cross-border procurement.

The influence of the following factors has been investigated, as it was assumed that these factors are of a certain relevance:

Specifics of the goods/services/works

- Utilities vs. Classical Directive;
- Supplies vs. works contracts;
- Services vs. works contracts.

Specifics of Member State

- Population;
- Member of the euro area;
- New/old Member States;
- Common language, i.e. there is another Member State with the same language;
- Transparency International's corruption index⁶⁷.

Buy-side specifics

- Restricted vs. open procedures;
- Negotiated vs. open procedures;
- Central government authorities vs. local government authorities;
- Purchasing on behalf of others;
- Financing by European Union funds.

Sell-side specifics

- Contract value;
- Number of bids (indicator for extent of competition);
- Subcontracting (as a bidding strategy).

A binary logit-model model was used.⁶⁸ This model made it possible to estimate the influence of the predictors on the chances of direct cross-border procurement.

⁶⁷ Source: Transparency International, "Corruption perception index 2010", <http://www.transparency.org/content/download/55725/890310>, p. 11

⁶⁸ In general, a regression analysis describes relationships between statistical variables on the basis of a mathematical model where a dependent variable is usually described as a function of one or more predictor variables. In this case, the dependent variable is binary coded: a contract is awarded directly cross-border or not. With binary dependent variables, linear regression models are not applicable because basic assumptions of these models are violated (e.g. normal distribution of residuals, homogeneity of variance). Therefore, the dependent variable is transformed into logits (the logarithm of the odds that an event occurs) whose distribution follows a logistic function.

In the analysis, we calculated three different models with different sets of predictors, where each model includes the predictors of the preceding model and a set of additional covariates. Using this approach, it is possible to analyse whether the effects of a given set of predictors on the chances of cross-border procurement persist even when controlling for additional factors. Details are shown in the following table:

Table 48: Factors with influence on direct cross-border procurement in detail

	1. Specifics of contract		2. Specifics of contract, Member States		3. Specifics of contract, Member States, buy side, sell side	
	Coefficient	Standard error	Coefficient	Standard error	Coefficient	Standard error
Intercept	-4.47 **	(0,083)	-4.09 **	(0,224)	-4.41 **	(0,333)
Specifics of contract						
Utilities vs. Classical Directive	1.58 **	(0,055)	1.10 **	(0,058)	0.99 **	(0,099)
Supplies vs. works	0.83 **	(0,083)	1.19 **	(0,087)	1.31 **	(0,130)
Services vs. works	0.20 *	(0,087)	0.42 **	(0,092)	0.52 **	(0,134)
Member States						
Population (Mio)			-0.04 **	(0,002)	-0.04 **	(0,003)
Member of the euro area			0.35 **	(0,081)	0.68 **	(0,106)
New Member State			-0.28 **	(0,093)	-0.05	(0,128)
Common language			0.65 **	(0,071)	0.19 **	(0,098)
Corruption index			0.00	(0,022)	0.06 *	(0,032)
Buy/sellside						
Financing by Community funds					0.74 **	(0,120)
Central Government					-0.09	(0,132)
Local Government					-0.45 **	(0,188)
Restricted vs. open procedure					-0.02	(0,194)
Negotiated vs. open procedure					0.38 **	(0,095)
Contract value (m EUR, logarithm)					0.37 **	(0,049)
Number of bids					-0.06 **	(0,013)
Subcontracting					-0.16	(0,122)

Sources: TED data, own calculations (binary logit-model)

Significance codes: *: $p < 0.05$; **: $p < 0.01$

The table consists of four main columns. The first one includes the covariates, the following three the different models. Within each column, the coefficients, their significance and their standard errors are reported. A positive coefficient indicates a higher chance of direct cross-border procurement.

The **first model** contains only the specifics of the contract: awards under the Utilities Directive are tested versus awards under the Classical Directive, and supplies and services contracts are tested versus works contracts. Each of these reveals significant positive effects:

- In the case of awards under the **Utility Directive**, the chances of direct cross-border procurement are higher than for awards under the Classical Directives. As already stated in section 3.3.4, this could be that the Utilities Directive applies to different sectors that acquire a different set of goods from the contracting authorities in scope of the Classical Directive, or it may be because the regime of the Classical Directive is more flexible.
- In terms of contract types, the chances for direct cross-border procurement are higher for **supplies** and **service** contracts than for **works** contracts. This is in line with the general assumption that supplies are more tradable than services which again are more tradable than works.

These effects remain stable even when further covariates are included in the model and thus are statistically controlled for.

In the **second model**, specifics of the Member States are additionally included in the model. The effects of the predictors which were transferred from the first model remain stable in terms of direction and significance.

- The coefficient estimated on the basis of the size of the **population** was negative: thus, if the awarding country is large in terms of its population, the chances of direct cross-border procurement are lower. This is in line with economic theory. As a rule, the economies of larger countries tend to have a lower import penetration rate than the economy of small countries (cf. chapter 2.2.2).
- If the awarding country is a member of the **euro area**, the chances of direct cross-border procurement are higher. This indicates that the common currency facilitates cross-border trade.
- If a Member State (e.g. the UK) **shares a language** with another Member State (e.g. Ireland), the chances of direct cross-border procurement are higher. This supports the assumption that language barriers exist, cf. chapter 4.1.2.
- If the awarding country is a **new Member State**, direct cross-border procurement is less likely. An explanation for this might be that new Member States are not yet as integrated in the Single European Market as the old Member States due to the time needed to, for example, establish business links.
- Transparency International's **corruption** index has no effect in this model. This might indicate that the (low) extent of cross-border procurement is *not* caused by contracting authorities not complying with European rules on public procurement.

In the **third model**, specifics of the buy and sell side are included as well. With the exception of the effect for new Member States which is now not significant any more, and the now significant influence of corruption, the predictors of Model 2 remain stable.⁶⁹

- If the financing is based on **Community funds**, it is possible to see a trend towards more cross-border procurement. Reasons for this could include the size or complexity of EU-financed projects, e.g. in the area of structural funds (ERDF, ESF etc.)
- If the awarding authority is a **central government agency**, there is no evidence that this has any influence.
- In the case of **local government agencies**, the chances of direct cross-border procurement are lower. A reason for this could be that local agencies prefer sourcing locally.
- For **restricted procedures** compared to open procedures, no significant effect was identified.
- Comparing **negotiated procedures** with open procedures the propensity for direct cross-border procurement is higher for negotiated procedures. This could relate to the fact that negotiated procedures are applied in more complex procurements where the number of potential tenderers is lower (see also section 4.2 below).
- The **values** of the contracts were also included in the model, but because their original distribution was highly skewed⁷⁰, the logarithm of the contract values was used. It turns out that higher contract values lead to higher chances of direct cross-border procurement. This could indicate that bidding cross-border is associated with additional costs which pay off only above a certain value. Furthermore it supports the current regime of thresholds, i.e. that

⁶⁹ However, it should be noted that the corruption index is generally higher for New Member States, i.e. both predictors correlate with each other. Thus, the effect of the two predictors old/new Member State and corruption index are difficult to separate.

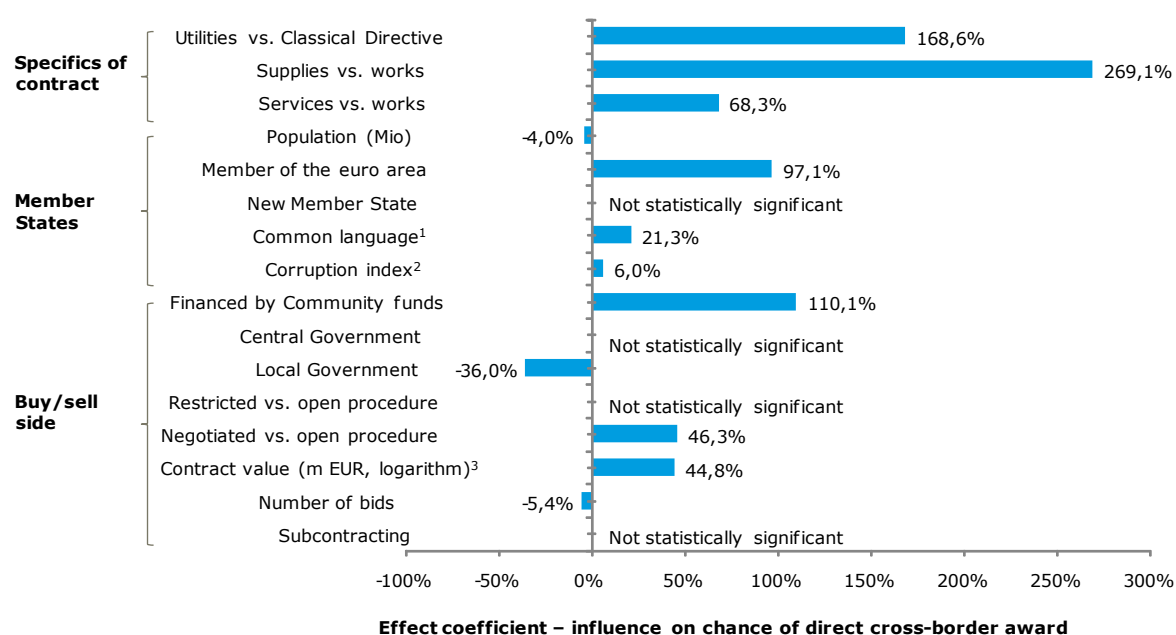
⁷⁰ A high proportion of contract values are relatively low and only a smaller proportion relatively high.

European law on public procurement applies only above certain contract values (cf. chapter 1).

- The **number of bids** as an indicator for competition reveals a negative effect on cross-border procurement (i.e. more competition leads to less direct cross-border procurement). This again supports the assumption that cross-border procurement is more relevant for specific goods, services or works for which only a limited number of suppliers exist.
- With respect to **subcontracting**, no effect was identified.

To allow for a more intuitive interpretation of the analysis, the coefficients are transformed into effect coefficients (taking the antilogarithm on the basis e). Effect coefficients reveal the relative risk of a predictor related to the reference category. In the following chart, an effect coefficient of 10% indicates a chance of direct cross-border procurement which is 10% higher than the reference category. Using this approach, the third model is shown in the following figure. It shows, for example, that the chances of a supplies contract being awarded directly cross-border are about 269% higher than for a works contract.

Figure 16: Factors with influence on direct cross-border procurement



¹ I.e. shares a language with another Member State

² The higher the index, the lower the perceived level of corruption

³ Due to logarithm not directly interpretable

4.1.2 Role of language barriers

This section specifically looks at the role of language barriers on cross-border procurement. Both TED data and results from the survey of operators are used for this.

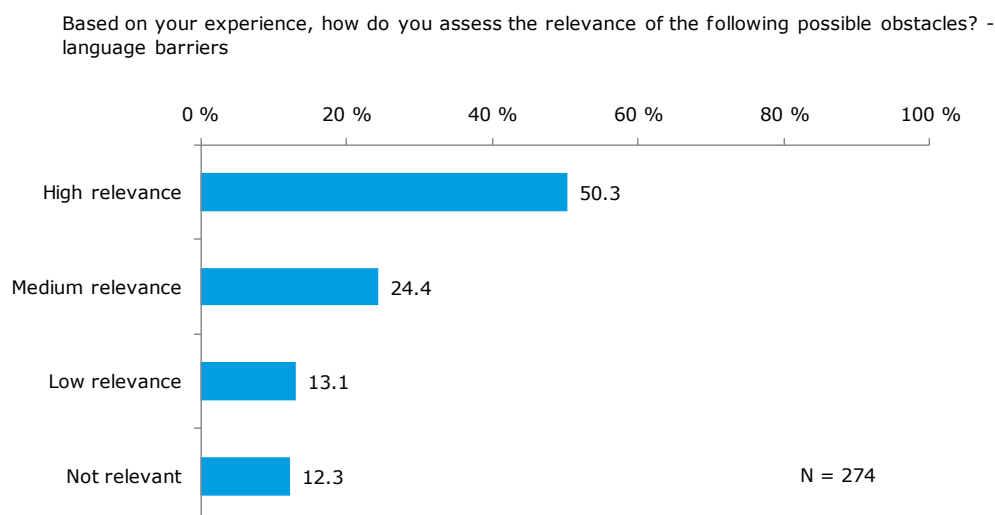
The analysis of contract award data (TED data) revealed that direct cross-border procurement takes place to a higher extent between Member States with common or similar languages (see chapter 3.3.2). For example:

- 75% of all contracts awarded directly cross-border by contracting authorities in Ireland and 37% of all contracts awarded directly cross-border by contracting authorities in Malta are awarded to economic operators in the United Kingdom.
- 84% of all contracts awarded directly cross-border by contracting authorities in Austria are awarded to economic operators in Germany.
- 47% of all contracts awarded directly cross-border by contracting authorities in Sweden are awarded to economic operators in Norway and 25% to economic operators in Denmark.
- 35% of all contracts awarded directly cross-border by contracting authorities in Estonia are awarded to economic operators in Finland.

This was also confirmed by the compound (multivariate) analysis of TED data. If the awarding country shares a language with another Member State, the chances of direct cross-border procurement are significantly higher (see Table 48).

In the survey of businesses participating in cross-border procurement language barriers were cited as one of the most relevant obstacles for bidding cross-border. 50% of the respondents regarded language barriers as being of high relevance.

Figure 17: Business view on language barriers



Furthermore, businesses commented on language barriers in the course of the survey. For example, a company from Germany said: *"Cross-border procurement is very time consuming and expensive for us, the language barrier is an especial problem here. For example, [contracting authorities from] France and Spain often demand documents in their mother tongue and there is no way of doing it in English"*. A company from France explained that: *"Mostly, language is the barrier. It would be interesting to have [the opportunity of bidding] systematically in English."*

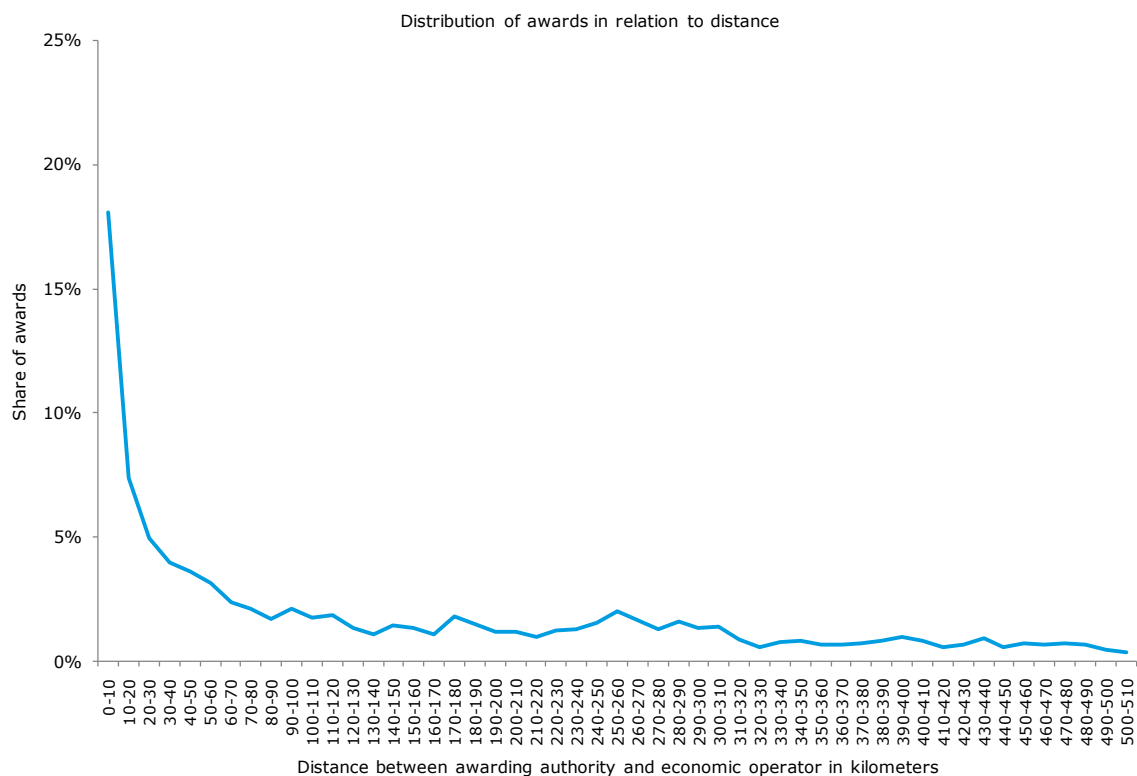
These findings show that language barriers exist. Or, to put it the other way round, that a common language facilitates cross-border procurement. Thus, for example allowing bids to be formulated in language other than the language of the contracting authority could increase the number of bids from abroad. This increases competition and offers the chance of better value for money.

4.1.3 Role of geographic proximity

This section examines the influence of geographic proximity.

In order to calculate the distance between contracting authorities and economic operators, postcodes were transformed into geographic coordinates. Due to the costs associated with procuring data about geographical coordinates, the analysis was undertaken for a sample of Member States only. The sample consisted of Austria, Belgium, France, Germany, Italy and Poland. In total, this selection accounts for more than 590,000 contract awards and as such covers more than 50% of all awards analysed in this study.

In the sample, the average distance between the contracting authority and the economic operator is 179 km. The graph below shows the distribution of the awarded contracts in relation to distance.

Figure 18: Distribution of awards in relation to distance

Adding up the total number of awards based on distance between the buyer and the seller gives a similar result.

Table 49: Cumulative shares of awarded contracts in relation to distance

Distance in km	Cumulative share of awards
0-50	38%
0-100	50%
0-150	57%
0-200	64%
0-250	70%
0-300	78%
0-350	83%
0-400	87%
0-450	90%
0-500	93%

In other words:

- Almost 40% of all contracts are awarded within a distance of 50 km.
- 50% of all contracts are awarded within a distance of 100 km.
- More than 75% of all contracts are awarded within a distance of 300 km.
- 90% of all contracts are awarded within a distance of 450 km.

On the basis of the same data sample, it was possible to analyse the differences in distance for supplies, services and works, which were:

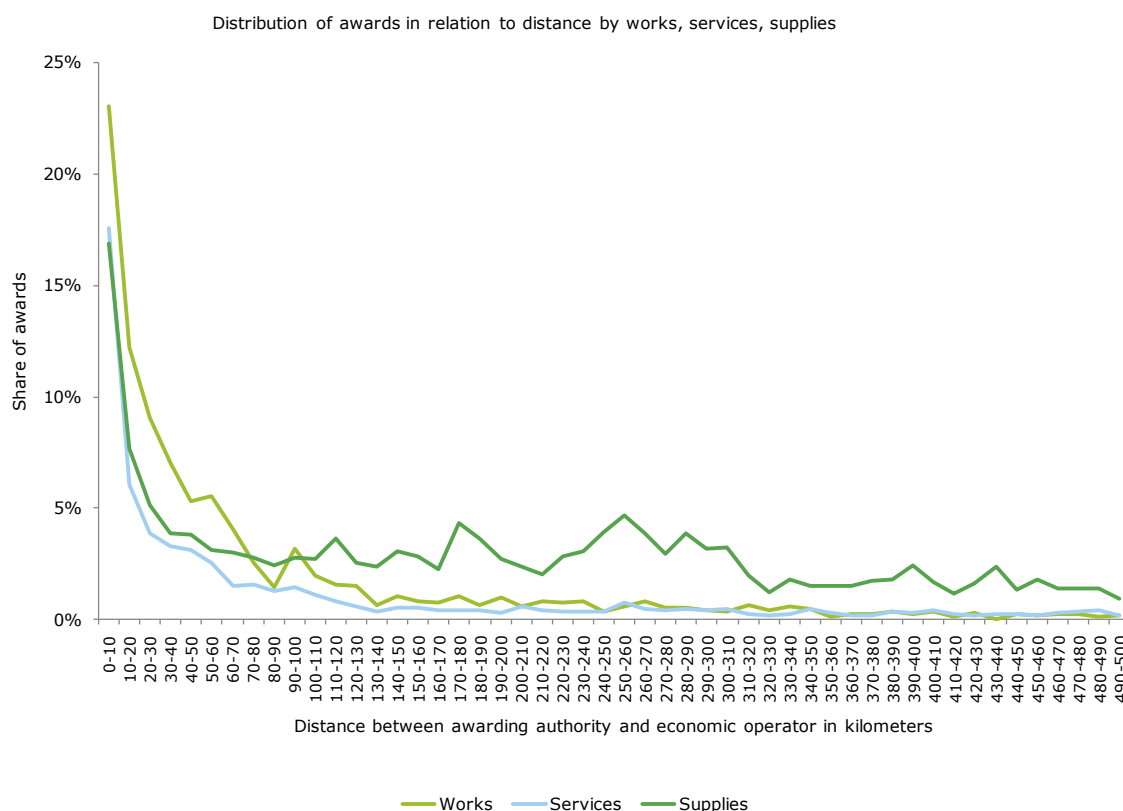
- Works: 102 km
- Services: 123 km
- Supplies: 232 km.

Contracts in the "works" category are on average awarded in closest proximity; services come second; while supplies contracts are on average awarded to the economic operators who are furthest away. On average, supplies contracts are awarded twice as far away as works contracts.

This finding is in line with the share of direct cross-border procurement for works, services, and supplies respectively (cf. chapter 4.1.3). It is lowest for works, higher for services and highest for supplies. An explanation for this pattern lies in the general tradability of the goods. Works and services are naturally less tradable than supplies.

The following graph underlines these differences:

Figure 19: Distribution of awards in the field of works, services, and supplies



The following table shows the average awarding distance by the sample of Member States used for this analysis. The differences in average distance are roughly proportionate to the differences in geographical size of the Member States, i.e. it is lower in smaller and greater in larger Member States.

Table 50: Country average on awarding distance

Country	Average awarding distance in km	Land area in km ²
BE	60	30,528
AT	94	83,855
DE	148	357,021
PL	170	312,685
FR	190	674,843
IT	245	301,338
Average	179	293,378

4.2 The business perspective (sell side)

This chapter presents findings on businesses' view on cross-border procurement. Views were sought via phone interviews with 1,038 businesses with experience in public procurement from 12 Member States (for details on methodology, see chapter 6.2).

4.2.1 Basic information about the respondents of the survey

The following tables and figures present basic information about the respondents. Table 51 and Figure 20 to Figure 25 show information relating to the basic demographics of the businesses interviewed. Figure 26 provides information about experiences when engaging in public procurement activities.

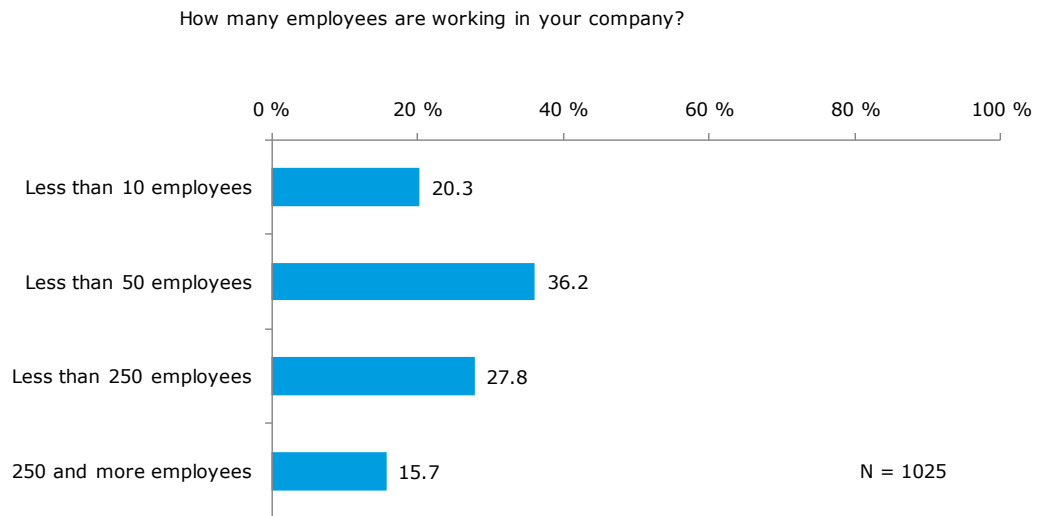
Twelve Member States are represented in the survey. No Member State accounts for more than 14.5% of interviewees, but the range was wide, encompassing Malta at the other end of the spectrum with 0.2% of the interviewees.

Table 51: Sample distribution by Member State

Language	Member State	Frequency	Percent
Dutch	Netherlands	92	8.9
English	UK	143	13.8
English	Malta	2	0.2
English	Ireland	10	1.0
French	France	136	13.1
French / Dutch	Belgium	36	3.5
German	Germany	130	12.5
German	Austria	20	1.9
Italian	Italy	100	9.6
Latvian	Latvia	110	10.6
Polish	Poland	151	14.5
Swedish	Sweden	108	10.4
Total		1,038	100.0

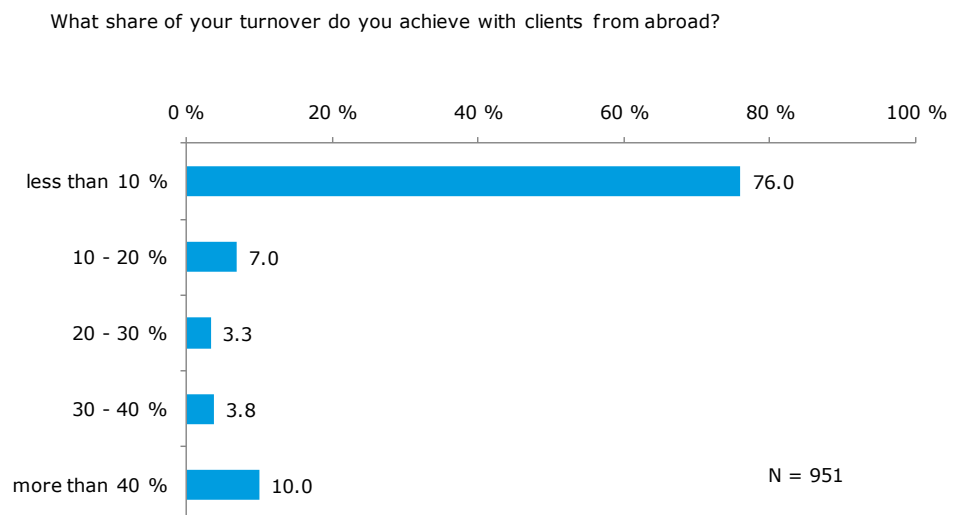
Companies of all sizes are represented in the survey. The table below shows the distribution of company sizes. The sample includes 20% of small companies with fewer than 10 employees as well as 16% with more than 250 employees.

Figure 20: Number of employees



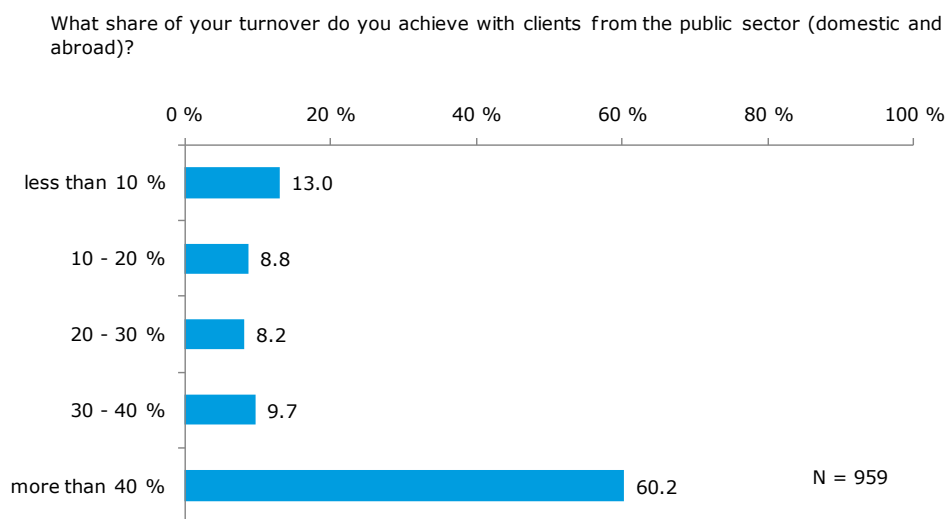
The majority of the companies interviewed generate less than 10% of their turnover with clients from abroad, i.e. they rely mostly on domestic business.

Figure 21: Turnover with clients from abroad



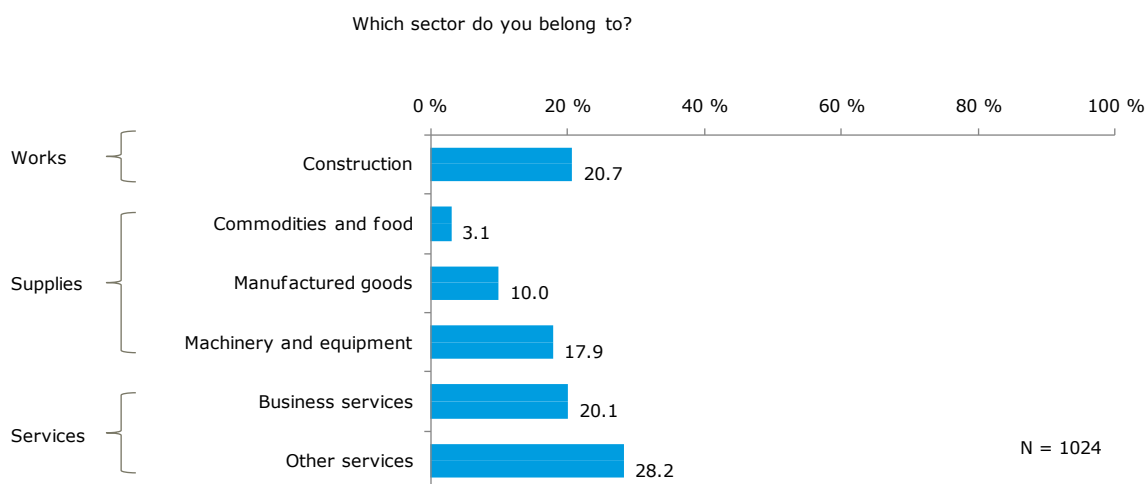
The following figure depicts the share of turnover from clients in the public sector. The public sector is an important client for most of the businesses surveyed: 60% of the participants generate more than 40% of their turnover from public sector clients.

Figure 22: Turnover with clients from public sector



The following figure illustrates that companies from all relevant sectors are represented in the survey. About 21% operate in the field of works, 31% in supplies and 48% in services.

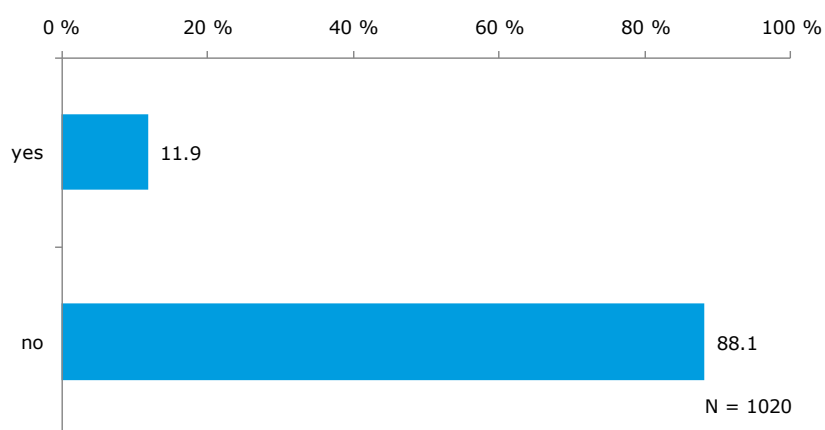
Figure 23: Sectors



The figure below provides information about the ratio of companies which are foreign affiliates of other companies located abroad. 12% consider they are a foreign affiliate. This figure corresponds to both the share of foreign affiliates in the economy (about 15% of the total number of enterprises, cf. Table 31) and the extent of indirect cross-border procurement through affiliates (11.4%, cf. chapter 3.2).

Figure 24: Foreign affiliates

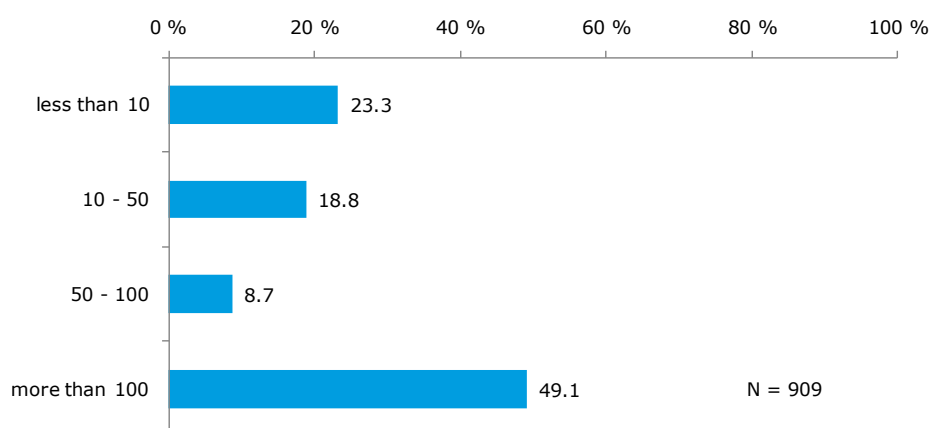
Is your company a foreign affiliate, i.e. is owned by another company located abroad?



The following question covers the estimated number of relevant competitors in their distinct field of activity. About half of the respondents claim that they are currently aware of more than 100 companies in the European market offering comparable products, goods and services. In other words, the majority of the businesses interviewed face a high level of competition. It can be assumed of the minority of businesses which face only up to 50 or fewer competitors in Europe that these businesses offer highly specialised works, goods, or services.

Figure 25: Level of competition

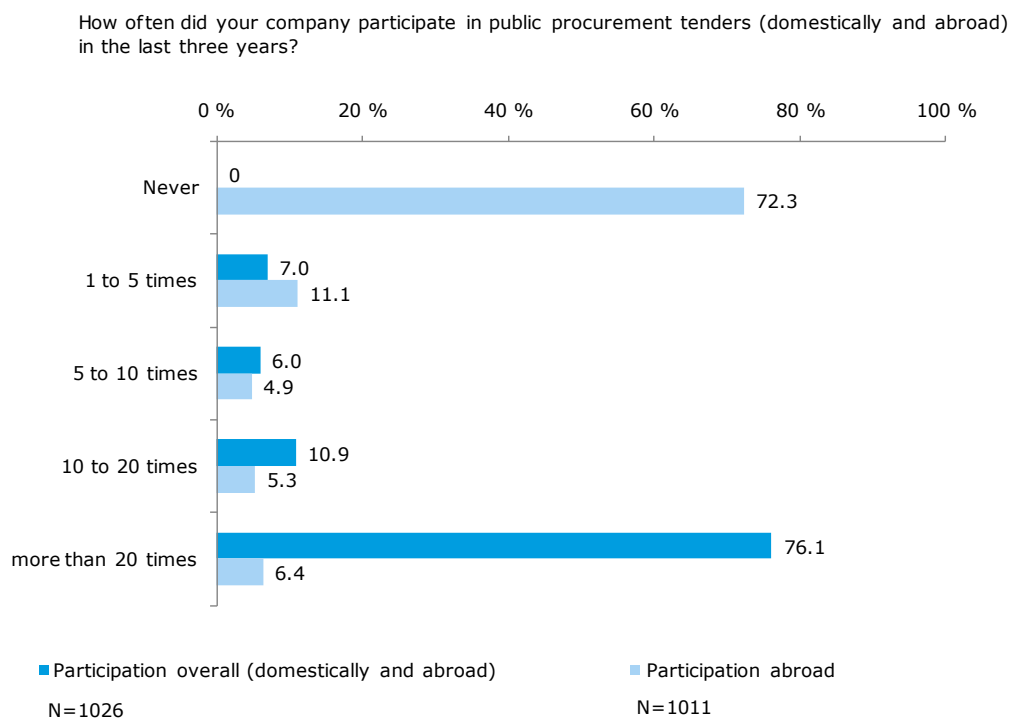
How many competitors exist to your knowledge in Europe, who offer comparable products, goods or services?



4.2.2 Experience with public procurement

Businesses were asked how often they bid cross-border and how successful they had been with bidding, both in general and cross-border in the last three years (see the following figures).

Figure 26: Experience with public procurement

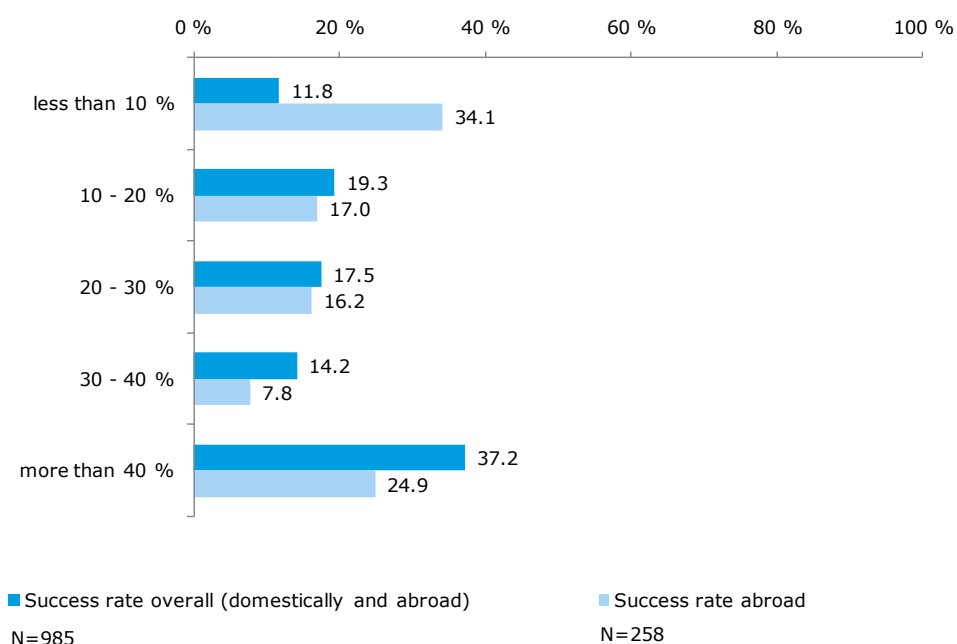


As only businesses with experience in public procurement were surveyed, no respondents reported that they had never participated at all. About 75% of the companies had participated frequently in public tenders (more than 20 times in the past three years). Narrowing the question down to participation in cross-border public procurement, the picture changes, as 72% said that have not engaged in cross-border tendering at all in the past three years, whereas 6% reported that they participated more than 20 times. In other words, even though most surveyed businesses engage regularly in public procurement in general, they never or only rarely engage in cross-border public procurement.

The following question was included to collect information about the success rate when participating in public procurement tenders both domestically and abroad within the last three years.

Figure 27: Success rates

What success rate did you experience when participating in public procurement tenders (domestically and abroad) in the last three years?



The success rate of the businesses surveyed is on average higher for domestic bids than for cross-border bids. The figure indicates that more than a third of the respondents succeed in more than 40% of their bids. Explicitly asking about the success rate participating in *cross-border* public procurement in the last three years, the "hit rate" compared to the figures above drops. In cross-border tenders, 34% of the respondents stated that they succeeded in less than 10% of cases, while 25% reported a success rate of more than 40%. In other words, businesses not only bid less often cross-border but also are less successful when doing so.

4.2.3 Businesses' experience with cross-border bids

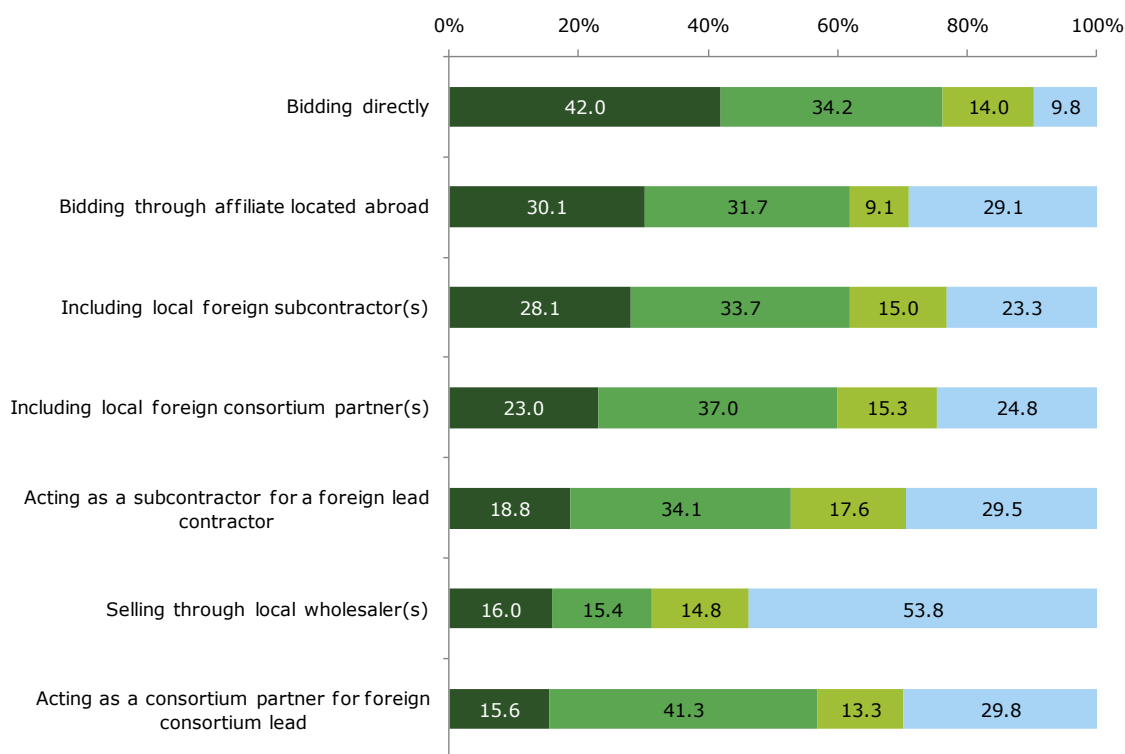
In the course of the survey businesses were asked about their experiences with cross-border procurement. The following graphs show the results for several aspects.

Of the different possible ways of bidding cross-border (cf. chapter 3.1), bidding *directly* cross-border is regarded as the most effective or successful way. Of the businesses surveyed, 42% assess direct cross-border bidding as "highly effective" and a further 34% as "moderately effective". This result can serve as an indicator for the functioning of the Internal Market in the area of public procurement – even though the extent of direct cross-border procurement is relatively low.

The different ways of bidding *indirectly* cross-border (affiliates, consortia, subcontracting, wholesaling) are regarded as less effective. This is consistent with the relatively low level found in this research of the use of consortia or subcontracting (cf. chapter 3.2).

Figure 28: Businesses' view of different ways of bidding cross-border

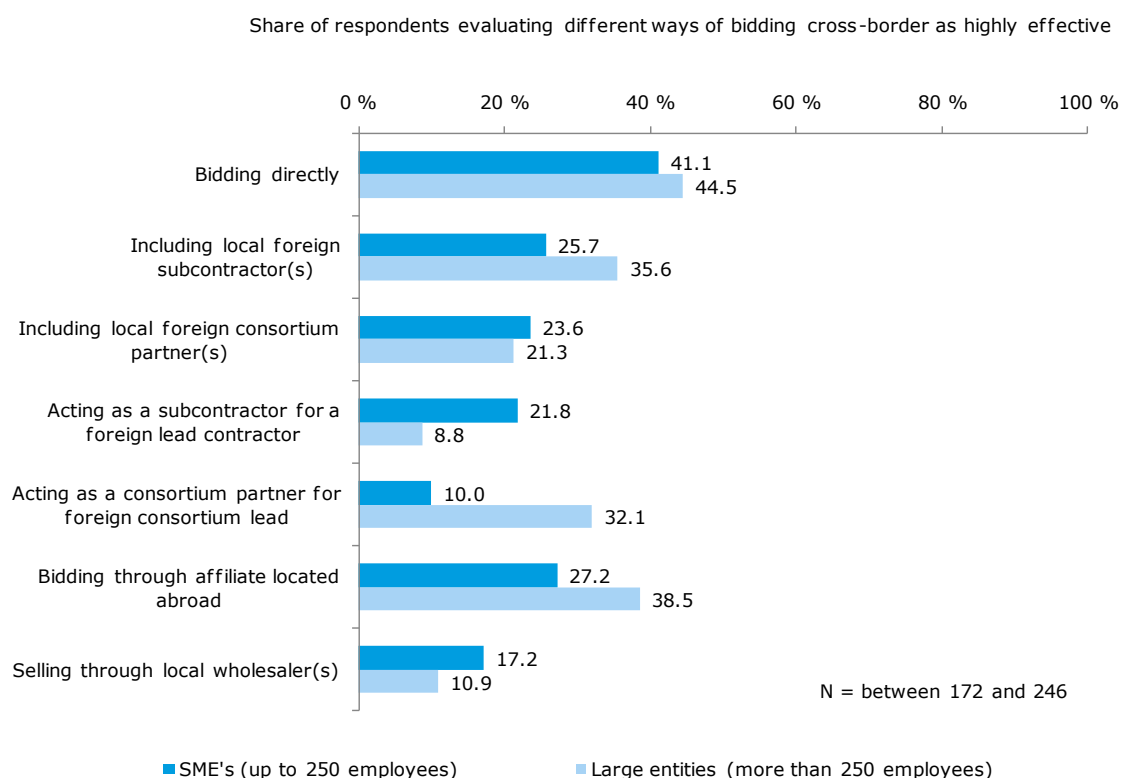
Based on your experience, what are the most effective or successful ways of bidding cross-border?



N = between 164 and 246

■ highly effective ■ medium effective ■ less effective ■ not effective

However, higher levels of cross-border activity are observed for bidding through affiliates and wholesalers (about 13%, cf. chapter 3.2). A reason for this might be that both types of bidding are appropriate only for some and not for all businesses. The following chart presents the effectiveness of the several ways of bidding cross-border. It distinguishes between SMEs and large entities.

Figure 29: Businesses' view on different ways of bidding cross-border by company size

It shows that some forms of cross-border procurement are more relevant for SMEs and others are more relevant for large entities. For example, large entities regard:

- including local foreign subcontractors,
- acting as a consortium partner for a foreign consortium lead, and
- bidding through affiliates abroad

as the most effective ways of bidding cross-border.

In contrast, SMEs regard:

- acting as a subcontractor for a foreign lead contractor, and
- selling through local wholesaler

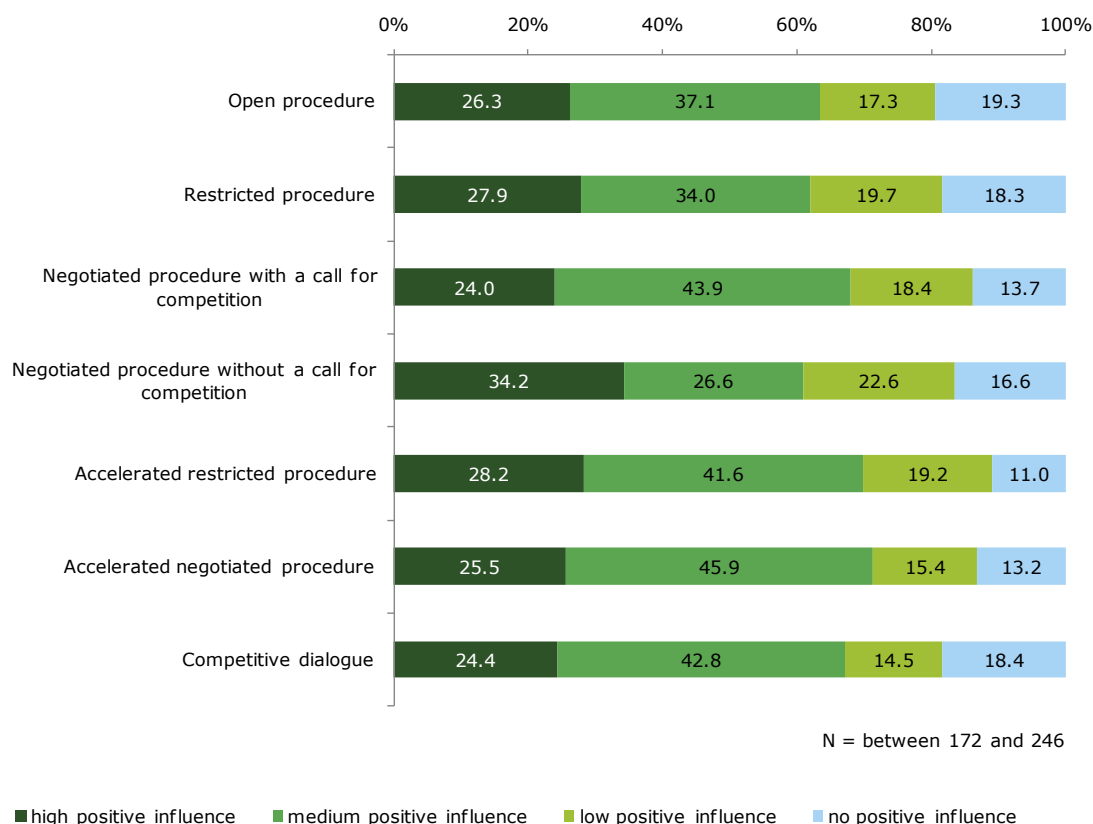
as the most effective.

This can be explained by the different opportunities that smaller and bigger entities have. For example, incorporating foreign affiliates and bidding through these is likely to be more feasible for large entities, whereas SMEs often need to resort to other forms of cross-border tendering.

Businesses were asked whether different kinds of procedures (open, restricted, etc.) have an influence when bidding cross-border, i.e. whether they are more motivated to submit a bid in the case of a negotiated procedure, for example. This seems not to be the case. Overall, the influence of the different procedures is assessed as similar.

Figure 30: Businesses' view on different kind of procedures

On each of the following kinds of procurement procedure, please tell me whether you consider it to have a positive, a low positive, a medium positive or a high positive influence when bidding cross-border



However, it is notable that the different forms of negotiated procedures have relatively high scores. The high score of these procedures correspond to the higher level of direct cross-border procurement observed for negotiated procedures (cf. chapters 3.3.7 and 4.1.1). A negotiated procedure is applied, for example, when procuring highly complex and specialised works, services or goods for which there are only a limited number of potential suppliers. At the same time, cross-border procurement is higher in markets with a low number of competitors (cf. chapter 4.2.4 below). Thus, this could be the explanation why a higher level of cross-border procurement is observed for negotiated procedures.

There are different possible obstacles that could arise when bidding cross-border. Businesses were asked how relevant these potential obstacles are. According to the businesses surveyed the most relevant obstacles are (cf. figure below):

- Lack of experience with doing business abroad;
- Language barriers;
- High extent of competition with national bidders;
- Legal requirements leading to market entry barriers in the awarding country (e.g. special permits or procedures necessary for offering services abroad).

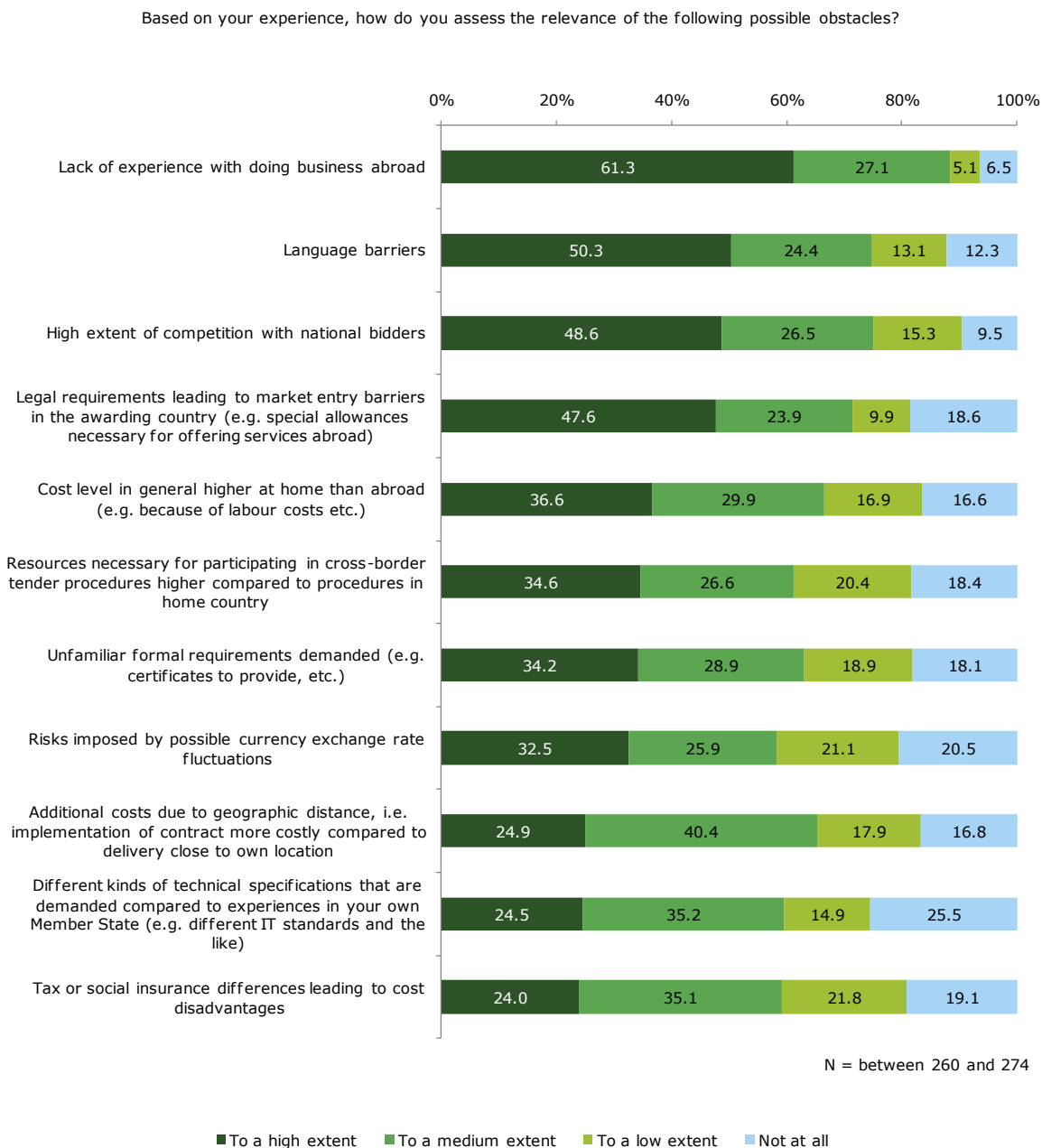
Other factors such as cost differences, formal requirements, etc. (cf. figure below) are less relevant.

However, some businesses commented explicitly on the issue of formal requirements:

- For example, a business from the Netherlands explained: "In Belgium, especially, the conditions that are imposed within the public procurement process are not transparent. Our company has to hire a Belgian company to understand and act on those conditions in order to have a chance of success."

- Another business from the Netherlands commented: *"In other countries we often need certificates and statements that are unknown to the Netherlands, i.e. they are not issued here. For example, Belgium demands a statement that one is not in default. These are unknown in the Netherlands. We try to solve this by entering into a dialogue with our client, and sometimes we are able to draft a document through an accountants' or lawyers' statement that satisfies our clients."*

Figure 31: Businesses' view on several possible obstacles to cross-border bidding



Case study: Ireland's initiatives for promoting cross-border procurement

As stated above, companies regard a lack of experience with doing business abroad as major obstacle to bidding cross-border. In Ireland, there are two initiatives for promoting cross-border procurement:

1. InterTradeIreland⁷¹ is an organisation established as part of the Belfast Agreement⁷². It is a joint effort of the Republic of Ireland and Northern Ireland. The focus is on helping companies doing business cross-border between Northern Ireland and the Republic of Ireland. However, the support programmes help companies doing business cross border in general, and not only between Ireland and Northern Ireland.

InterTradeIreland has two key programmes to support SMEs: the Go-2-Tender programme and the Network and Getwork programme. One part of the Go-2-Tender support programme is two-day workshops aimed at providing SMEs with knowledge on how to tender successfully for public sector contracts, in particular cross-border. Seven to eight workshops are offered per year. The first day focuses on the theoretical background, i.e. the political structure, reasons for losing tenders and strategies for being more successful. Guest speakers from central government procurement organisations give lectures. The second day, with more practical advice, focuses on improving skills. The participants learn how to become more competitive, they develop checklists and action plans for more success. Furthermore there is writing training, with good and bad examples. Through this, the workshops try to connect the theoretical background with practical advice. Moreover, one-to-one mentoring support is offered.

The Network and Getwork programme focuses on "Meet the buyers" events.

2. Enterprise Ireland⁷³ is the Republic of Ireland's government organisation helping companies to develop and grow in world markets. One focus lies on the public procurement market, both national and cross-border. The organisation offers a range of funding and capability-building activities to help prepare and enhance companies' ability to successfully bid and win public contracts. Part of the support are different workshops, where the companies learn how to write tenders, much similar to the "go2tender-workshops" and seminars where they can develop their abilities to identify and work in consortia and collaboration with larger companies as well as initiatives helping companies to find new business possibilities. These abilities are also important for companies when bidding cross-border.

Figures on the share of cross-border public procurement in Ireland show a relatively high extent of direct cross-border procurement in Ireland. 15.4% of all contracts from Irish authorities are awarded directly cross-border and 4.5% of all contracts won by Irish companies are won cross-border. The EU average for both cases is 1.6% (cf. chapter 3.3). This could indicate that the programmes presented above are successful but other factors may of course explain the high levels of cross-border buying and selling (e.g. language, geographic proximity and with land borders with no other countries, culture, history etc.).

This is also supported by the following statement from a business surveyed: *"Belfast office does dealings with Republic of Ireland but they don't consider these experiences as dealings cross-border so they don't find difficulties in tendering for public procurement"*.

⁷¹ <http://www.intertradeireland.com/>

⁷² www.nio.gov.uk/agreement.pdf

⁷³ <http://www.enterprise-ireland.com/>

4.2.4 Types of businesses that are more active and more successful with cross-border bidding

This section examines which kinds of businesses bid more often cross-border and are more successful when doing so.

In the course of the survey, data on different characteristics of businesses was collected (cf. sections 4.2.1 and 4.2.2 above):

- Company size;
- Sector;
- Whether it is a foreign affiliate;
- Number of competitors in Europe who offer comparable products, goods or services;
- Share of turnover with clients from abroad;
- Share of turnover with clients from public sector;
- Experience with public procurement.

To investigate the influence of several factors on participation and success rates a multivariate analysis was carried out. The response variables – the extent of participation in public procurement and direct cross-border procurement, and their corresponding success rates – are coded in groups or classes.⁷⁴

Four models were used to calculate for the predictors mentioned above:

- Influence on participation in public procurement tenders in general;
- Influence on success in public procurement tenders in general;
- Influence on participation in direct cross-border public procurement tenders;
- Influence on success in direct cross-border public procurement tenders.

The following table presents the results of the models: It contains five columns, the first including the covariates, and the following four columns the four models. The coefficients, their significance and their standard errors are reported for each model.

Table 52: Influence on participation and success rate

	Participation in public procurement tenders in general (bids in the last three years)			Success rate in public procurement tenders in general			Participation in direct cross-border procurement tenders (bids in the last three years)			Success rate in direct cross-border procurement tenders		
	Coefficient	Standard error		Coefficient	Standard error		Coefficient	Standard error		Coefficient	Standard error	
Large entities vs. SMEs	0.90	**	(0.237)	0.08		(0.172)	1.06	**	(0.202)	0.20		(0.288)
Numbers of competitors: >100 vs. <100	0.07		(0.168)	-0.32	*	(0.143)	-0.40	*	(0.184)	-0.65	*	(0.281)
Foreign affiliate: yes vs. no	0.43		(0.237)	0.02		(0.191)	0.04		(0.225)	0.15		(0.319)
Services vs. works contracts	-0.83	**	(0.222)	0.85	**	(0.163)	0.38		(0.235)	0.79	*	(0.375)
Supplies vs. works contracts	-0.78	**	(0.260)	1.25	**	(0.207)	0.33		(0.278)	0.98	*	(0.420)
Share of turnover with clients from abroad >10% vs. <10%	-0.05		(0.181)	-0.13		(0.155)	2.26	**	(0.187)	0.72	**	(0.267)
Share of turnover with public sector >40% vs. <40%	0.81	**	(0.155)	0.45	**	(0.132)	1.01	**	(0.183)	-0.07		(0.260)
Sources: Survey, own calculations (ordered logit-model, constant terms are omitted) Significance codes: *: p < 0.05; **: p<0.01												

⁷⁴ In technical terms, the classes can be seen as ordinal. Thus, for the analysis, an ordered logit model has been used. The ordered logit is a variation of the binary logit model which can be applied for ordinal response variables.

The four models show the following significant effects:

- Compared to SMEs, large entities (>250 employees) participate more often in both public procurement tenders in general and direct cross-border public procurement in particular. This is in line with the findings on SME participation in direct cross-border procurement (cf. chapter 3.3.3). However, no significant effect on the success rate could be found.
- High competition leads to lower success rates in public procurement tenders in general, and to lower participation and success in direct cross-border public procurement. In other words, businesses with fewer competitors bid more often cross-border. This is in line with the assumption that cross-border procurement is especially relevant for specialised goods/services/works where there are only a limited number of potential suppliers and is less relevant for commodities.
- Being a foreign affiliate has no significant effect.
- Comparing services and supplies to works contracts, there is a higher participation rate in public procurement in general and a higher success rate for both procurement in general and direct cross-border procurement. This is in line with findings presented above on the tradability of supplies, services and works.
- The share of turnover achieved with clients from abroad correlates with participation in cross-border procedures as well as the success rate. However, the causal relationship might be the other way round. If a business participates more in cross-border procurement and is more successful, it has a higher share of turnover with clients from abroad. The same holds true for the share of turnover with the public sector and participation and success with public procurement in general.

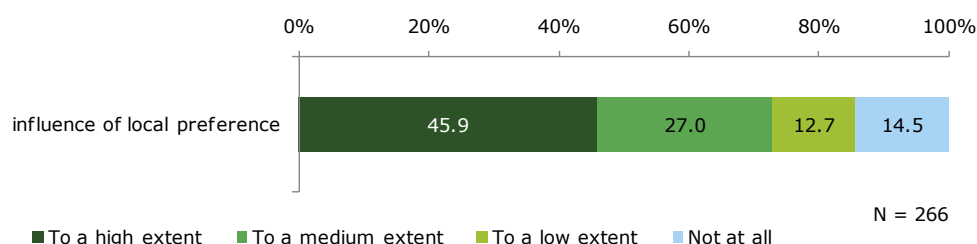
4.3 Contracting authorities' perspective (buying side)

The previous chapter looked at businesses' view on cross-border procurement, i.e. the sell side. This chapter looks at the contracting authorities' perspective, i.e. the buy side. However, as no data was been collected from contracting authorities (e.g. by surveying contracting authorities) in the course of this study, the analysis of the buy side is relatively brief and based on the perceptions of the sellers (businesses).

Businesses were asked whether in their perception contracting authorities prefer domestic bidders. This is, in the businesses' view, indeed the case: 46% of the surveyed businesses perceive that local preferences influence outcomes of public procurement procedures to a high degree.

Figure 32: Businesses' view on contracting authorities' preference of domestic bidders

To what extent do you think that local preferences influence outcomes of public procurement procedures, i.e. contracting authorities prefer domestic bidders?



By contrast, the following case study presents a case where a contracting authority decided tendering – even though not being legally obliged to do so – EU-wide and achieved potentially better value for money through this.

Case study: German Bundesbank's EU-wide tendering of printing euro banknotes⁷⁵

The German Bundesbank is responsible for printing euro banknotes, mainly for Germany but also for other countries in the euro area. The Bundesbank does not use an "in-house-solution" for printing but contracts with the Bundesdruckerei (German federal printing office, a privatised entity) and the private company Giesecke & Devrient (G&D). Until 2008 these two companies received all printing contracts without a tendering procedure. This is in accordance with Directive 2004/18/EC which clarifies in Art. 16 d) that the Directive does not apply to services for national central banks.

However, in 2009 the Bundesbank decided to award a contract under a European-wide public procurement procedure. The contract entails printing of euro notes in 2011. Its value is approximately €350 m and covers printing of 5, 20, and 50 euro banknotes in three lots. As a result of the tendering process, the Bundesbank awarded contracts to the Dutch company Royal Joh. Enschede and the French company Oberthur. Only the 5 euro banknotes will be printed by Giesecke & Devrient. This means that about 80 percent of the contract value was awarded directly cross-border.

Bundesdruckerei and Giesecke & Devrient filed a complaint against the decision with the German competition authority (Bundeskartellamt). Both parties are of the opinion that the Bundesbank is not legally obliged and, more importantly, does not have the right to tender the contract Europe-wide. The appeal was allowed by the German competition authority, and thus the Bundesdruckerei lodged the case with the higher regional court (Oberlandesgericht) in Düsseldorf, which is responsible for procurement cases in Germany.

The regional higher court decided by virtue of Order VII-Verg 47/10⁷⁶ of October 27th 2010 that the Bundesbank has the right to choose a Europe-wide procurement procedure despite Article 16 of Directive 2004/18/EC. Authorities are free to choose the tendering process if the Directive is not the legal statutory basis. The court clarified that the Bundesbank has the right and possibility to choose the tendering process laid down in Directive 2004/18/EC and the national implementing legislation. After the decision by the regional high court, the Bundesdruckerei withdrew the claim. Consequently the decision by the Bundesbank is now legally binding.

Bundesbank's motivation for tendering Europe-wide was market-driven. a licence from the European Central Bank is mandatory to print euro banknotes. Whereas, there are only the two companies mentioned above which hold such a licence in Germany, there are at least 14 Europe-wide. Thus there is only limited competition, but this is especially true when tendering domestically in Germany. By tendering EU-wide the extent of competition was significantly increased without risking a decrease in the level of quality which is predetermined to a large extent by technical specifications. Thus, by tendering EU-wide and using the benefits of the Single Market, the German Bundesbank achieved potentially better value for taxpayers' money.

⁷⁵ Sources: Financial Times: "Bundesbank darf Euro im Ausland drucken", 03.10.2010; Handelsblatt: "Großer Knatsch um den Euro", 15.08.2010; Spiegel: "Streit ums Geld- Bundesbank darf Euro-Noten im Ausland drucken", 04.10.2010; Süddeutsche Zeitung: "Kampf der Euro-Drucker", 05.10.2010

⁷⁶ Cf. http://www.justiz.nrw.de/nrwe/olgs/duesseldorf/j2010/VII_Verg_47_10beschluss20101027.html.

5. CONCLUSION

This chapter presents a summary of key findings.

The purpose of this study was to update the measurement of cross-border public procurement in Europe and to evaluate and explain it by identifying factors that influence the level of cross-border procurement. European legislation on public procurement is in place to increase market transparency and facilitate competition within the European Single Market. Benefits of this include lower prices and better quality for public administration when procuring works, services and goods – see for example the case study in the previous chapter on Deutsche Bundesbank's EU-wide tendering procedure.

Comparing import penetration of the public and private sectors of the European Union shows that the private sector imported 19.1% of the goods/services/works that it consumed in 2005 whereas the public sector imported only 7.5% of its consumption. However, this difference is largely due to differences in the kinds of goods, services and works that are procured by the two sectors. If the public sector were to purchase the same proportion of each product as the private sector, the share of imports of the public sector would hypothetically increase to 18.2%.

In order to refine the measurement of cross-border procurement, different types of cross-border procurement were distinguished:

- Direct cross-border procurement
- Indirect cross-border procurement
 - through foreign affiliates
 - through subcontractors
 - through consortia
 - through wholesalers/distributors.

Only 1.6% of all contract awards in public procurement between 2007 and 2009 were awarded directly cross-border. They represent 3.5% of contract values. The figures are relatively stable, and there is no clear trend over the past few years.

The most frequent forms of cross-border procurement are:

- indirect through foreign affiliates (about 11% of all awards), and
- indirect through wholesalers/distributors (about 12% of all awards).

Indirect cross-border procurement through subcontractors and through consortia plays only a minor role (1.0% and 0.3% of all awards or 0.2% and 0.1% respectively of contract value in both instances).

To sum up, comparing public and private sector a similar level of import penetration is observed when taking into account the different set of goods/services/works consumed. The public sector procures its goods/services/works from abroad mainly indirectly cross-border: Only a small share of contracts is awarded directly cross-border. A higher share of contracts is awarded indirectly cross-border through the different ways of indirect cross-border procurement (especially through affiliates and through wholesalers/distributors).

In terms of the level of cross-border procurement, the findings include:

- Buy side (contracting authorities):
 - The share of direct cross-border procurement is higher for the Utilities Directive than the Classical Directive. The results also hold true when controlling for other factors, e.g. contract values, types of procedure etc. The higher extent of cross-border procurement under the Utilities Directive can relate to several factors. Firstly, the Utilities Directive applies to different sectors that might acquire another set of goods than contracting authorities in scope of the Classical Directive. Secondly, the regime is more flexible.
 - The share of direct cross-border procurement is higher for negotiated procedures than for open or restricted procedures. The results also hold true when controlling for other factors, e.g. Classical/Utilities Directive, contract values etc. In businesses' view, negotiated procedures have a positive influence when bidding cross-border.
- Sell side (economic operators):
 - 47% of contracts in direct cross-border procurement are awarded to SMEs.
- Differences in terms of service, supply or works procured
 - Direct cross-border award is more likely for contracts of a higher value.
 - Comparing supplies, services and works contracts, the probability of a direct cross-border award is highest for supplies and lowest for works. Looking at the average distance between awarding authorities and economic operators the same applies: the average distance is highest for supplies and shortest for works contracts. An explanation for this pattern lies in the general tradability of goods. Works and services are naturally less tradable than supplies.
- Differences between Member States:
 - Small Member States have a higher share of cross-border procurement than big Member States. This is in line with economic theory. As a rule the economy of small countries tend to exhibit a higher import penetration than the economy of small countries. The observed levels of import penetration reflect this.
 - Higher levels of cross-border procurement can be observed between Member States with common or similar languages. Language barriers are one of the main obstacles for bidding cross-border in businesses' view.

Businesses reported the following main obstacles for bidding cross-border:

- Lack of experience with doing business abroad in general (for an example of measures addressing this, see case study on Ireland);
- Language barriers;
- Extent of competition: businesses with a high number of competitors in Europe who offer comparable products bid significantly less often directly cross-border;
- Legal requirements leading to market entry barriers in the awarding country (e.g. special permits or procedures necessary for offering services abroad);
- In businesses' perception contracting authorities prefer domestic bidders.

These findings are to serve as an input for an evaluation of public procurement policy to be conducted by the European Commission and deliver insights in cross-border public procurement for this matter.

6. METHODOLOGICAL NOTES

6.1 Evaluation of TED data

6.1.1 Approach

The European Commission services provided a database containing information about contract award notices published on the TED website in 2007, 2008, and 2009 ("TED data"). It consisted of 1,067,506 single datasets (about 350,000 per year) which contain the information included in standard forms 3 and 6 as laid down in Regulation (EC) No 1564/2005. The database was processed and transformed into an Access database. After initial validity checks, 901,866 cases were identified and selected as eligible for further analysis.

To distinguish between direct cross-border procurement and indirect cross-border procurement through affiliates and to identify the share of SMEs in procurement, it was necessary to match the data provided with a database containing information about businesses and on intercompany relationships. It was envisaged that these data would be obtained from a professional provider (Dun & Bradstreet, D&B). Given the amount of data potentially available and the costs associated with information about business structures and business sizes, it was necessary to draw up a sample and conduct further analysis based on a sample only and not based on the complete data set.

It was calculated that a sample of 20,000 datasets of the approximately 1,000,000 datasets provided would be sufficient to reach a degree of confidence of 99%.⁷⁷ However, to be on the safe side, it was decided to draw up a sample large enough to match at least 30,000 datasets. This took into account the fact that case numbers can diminish dramatically if it is necessary to disaggregate the data for detailed analysis.

To make sure that there were enough cases from smaller Member States, the sample was designed as a disproportionate stratified sample. This design ensures that a sufficient number of cases from each combination of criteria are included and can be used for analysis. Having taken on board data limitations identified in the course of the work, it was decided to use the following three criteria for stratification of the sample:

1. Countries: 27 EU Member States and EEA (European Economic Area) Member States, i.e. Iceland, Liechtenstein and Norway. However, due to the relatively low number of cases from Iceland and Liechtenstein, the three non-EU EEA countries were regarded as one country during sampling;
2. Procedures by Directive (Directive 2004/18/EC – Classical, and Directive 2004/17/EC – Utilities, respectively);
3. Type of contract: works/supplies/services under Annex IIA/services under Annex IIB.

It was anticipated that it would not be possible to match all datasets from the TED database to datasets in the D&B database because the matching is based on indicators like name, address, postcode and city where different notations can occur. Although the matching algorithms can deal with minor differences in notation, bigger differences and/or incomplete datasets result in non-matches. Furthermore, some of the successful bidders of the past are no longer active so that data availability is limited for these businesses. Based on previous experience it was assumed that about 50-60% of the datasets could be matched automatically with a high level of quality. It was agreed to draw up a larger sample to get at least 30,000 matched datasets. Thus, in each combination of the stratification criteria, separate random samples were drawn up to obtain an overall 10% sample. Finally, 89,502 cases were selected and transferred to D&B.

The origins of the successful bidders were derived from D&B data, including information on intercompany legal relationships leading to indirect cross-border procurement through affiliates. The extent of indirect cross-border procurement through affiliates was calculated based on D&B's family tree linkages concept. Family tree linkages describe the relationship between different companies within a corporate family. Linkage occurs in the D&B database when one business

⁷⁷ Given a level of confidence of 99%, a precision of 0.01 and a population of 1,000,000, we need a sample size of at least 16,400 or, if we are interested in values of proportion, of 19,279, respectively. Thus, a sample size of about 20,000 is sufficient.

entity has financial or legal responsibility for another business entity, creating a headquarters/branch or a parent/subsidiary relationship. Franchises and partnerships are not considered cases for linkages. The top point of every D&B family tree is the "Global Ultimate Company". Indirect cross-border procurement through affiliates is assumed when the "Global Ultimate Company" of a contractor is located in a different country from the contracting authority.

Moreover, D&B added information on number of employees, turnover, and whether an entity belongs to another entity in order to determine the size of a successful bidder (micro/small/medium-sized/large as defined in Commission Recommendation 2003/361/EC).

Eventually, 43,610 cases – more than expected – were successfully matched with D&B data.

Comparing matches and non-matches, a certain bias was to be expected. This bias was generated by the disproportionate design of the sampling strategy. Furthermore, the data quality and matching rate is better for larger entities than for smaller entities (especially small businesses not registered in a business register, e.g. the self-employed) and better in the old Member States compared to the new Member States. After this bias was quantified, weighting factors were constructed to correct the degree of under- and overrepresentation respectively when conducting evaluations. Using the weighting factors, the final sample can be extrapolated to the size and the proportions of the original data set. There are only small and insignificant differences in some of the cells due to rounding. Using this sampling, matching and weighting strategy as described above ensures high quality of the data set.

Table 53: Original population

Number of awards	Services IIA		Services IIB		Services not specified		Supplies		Works		Total
	Classical	Utilities	Classical	Utilities	Classical	Utilities	Classical	Utilities	Classical	Utilities	
AT	1,450	211	648	50	78	31	2,324	511	3,122	335	8,760
BE	3,994	497	816	177	203	53	4,221	798	1,319	514	12,592
BG	1,263	205	1,207	60	44	1	6,814	489	365	93	10,541
CY	217	17	34	2	29	1	1,759	42	57	16	2,174
CZ	3,360	265	4,244	66	9	1	4,513	609	660	53	13,780
DE	13,677	567	2,866	208	662	71	19,421	1,324	21,254	1,103	61,153
DK	3,824	467	375	13	255	19	3,406	178	829	113	9,479
EE	600	62	431	5	0	0	943	147	71	138	2,397
ES	8,392	1,389	2,037	445	2,010	535	16,974	1,812	2,191	493	36,278
FI	2,710	247	1,177	42	1,131	22	3,892	238	766	123	10,348
FR	64,265	4,401	25,604	520	2,835	146	117,285	1,012	46,514	1,150	263,732
GB	27,013	778	9,298	198	1,780	152	18,584	568	4,397	227	62,995
GR	1,554	206	805	34	300	21	5,430	524	352	193	9,419
HU	3,980	645	877	539	11	3	6,579	536	1,509	870	15,549
IE	1,786	200	788	74	10	11	2,754	282	394	118	6,417
IT	8,151	1,750	3,953	394	1,506	165	22,020	2,192	1,423	580	42,134
LT	3,222	191	70	5	48	0	8,096	945	245	28	12,850
LU	63	31	0	0	89	3	307	23	582	99	1,197
LV	1,743	318	2,643	18	12	0	5,219	392	399	26	10,770
MT	13	3	5	2	15	0	184	49	0	5	276
NL	4,058	114	3,114	52	414	18	3,239	220	1,395	149	12,773
PL	17,728	2,270	32,022	1,645	2,909	186	140,181	10,259	1,556	114	208,870
PT	600	57	264	21	152	14	1,702	80	346	166	3,402
RO	3,138	921	6,563	230	4	0	21,641	1,755	831	242	35,325
SE	6,423	567	1,940	110	178	3	6,294	572	1,265	278	17,630
SI	1,614	78	792	68	134	50	13,988	377	252	52	17,405
SK	946	265	597	53	11	1	2,399	224	120	308	4,924
EEA	3,152	61	829	27	32	2	2,952	81	1,453	107	8,696
Total	188,936	16,783	103,999	5,058	14,861	1,509	443,121	26,239	93,667	7,693	901,866

Table 54: Sample delivered to D&B

Number of awards	Services IIA		Services IIB		Services not specified		Supplies		Works		Total
	Classical	Utilities	Classical	Utilities	Classical	Utilities	Classical	Utilities	Classical	Utilities	
AT	312	211	285	50	4	0	311	295	319	295	2,082
BE	313	292	299	177	15	3	299	320	310	314	2,342
BG	275	205	291	60	5	0	464	290	309	93	1,992
CY	217	17	34	2	1	0	265	42	57	16	651
CZ	306	265	279	66	1	0	286	331	285	53	1,872
DE	913	305	289	208	45	2	1,212	293	1,396	297	4,960
DK	326	297	297	13	15	0	325	178	290	113	1,854
EE	282	62	292	5	0	0	303	147	71	138	1,300
ES	831	286	282	311	119	52	1,104	292	325	304	3,906
FI	266	247	312	42	75	0	301	238	299	123	1,903
FR	4,156	298	1,684	286	196	10	7,689	321	3,088	308	18,036
GB	1,771	296	616	198	122	4	1,187	280	280	227	4,981
GR	324	206	310	34	27	0	360	303	305	193	2,062
HU	276	277	293	286	0	0	433	308	298	295	2,466
IE	342	200	314	74	2	0	316	282	297	118	1,945
IT	520	315	295	309	78	11	1,359	297	315	286	3,785
LT	201	191	70	5	3	0	500	321	245	28	1,564
LU	63	31	0	0	4	0	301	23	303	99	824
LV	288	302	296	18	1	0	323	313	299	26	1,866
MT	13	3	5	2	0	0	184	49	0	5	261
NL	272	114	303	52	26	3	277	220	284	149	1,700
PL	1,074	291	2,164	279	196	4	9,154	695	338	114	14,309
PT	292	57	264	21	11	0	304	80	291	166	1,486
RO	214	278	436	230	0	0	1,402	295	286	242	3,383
SE	404	328	294	110	11	0	412	290	294	278	2,421
SI	311	78	292	68	12	3	871	295	252	52	2,234
SK	306	265	305	53	0	0	317	224	120	303	1,893
EEA	281	61	279	27	2	0	289	81	297	107	1,424
Total	15,149	5,778	10,880	2,986	971	92	30,548	7,103	11,253	4,742	89,502

Table 55: Matched awards reflecting weighting factors

Number of awards	Services IIA		Services IIB		Services not specified		Supplies		Works		Total
	Classical	Utilities	Classical	Utilities	Classical	Utilities	Classical	Utilities	Classical	Utilities	
AT	1,450	211	648	50	76		2,324	511	3,122	335	8,727
BE	3,994	497	816	177	203	48	4,221	798	1,319	514	12,587
BG	1,241	205	1,191	59	43		6,814	489	365	90	10,497
CY	217	17	34	2			1,759	42	57	16	2,144
CZ	3,360	265	4,244	66	8		4,513	609	660	53	13,778
DE	13,572	567	2,866	206	662	67	19,421	1,324	21,254	1,103	61,042
DK	3,824	467	375	13	245		3,406	178	821	113	9,442
EE	600	62	431	5			943	147	71	138	2,397
ES	8,392	1,385	2,027	445	2,010	535	16,974	1,812	2,170	488	36,238
FI	2,710	247	1,169	42	1,127		3,892	238	766	121	10,312
FR	64,265	4,345	25,604	520	2,835	146	117,285	1,012	46,514	1,141	263,667
GR	1,554	206	805	34	299		5,430	524	352	193	9,397
HU	3,980	645	877	539			6,579	536	1,509	869	15,534
IE	1,786	200	788	74	8		2,754	282	394	118	6,404
IT	8,151	1,750	3,938	394	1,498	160	22,020	2,192	1,423	580	42,106
LT	3,222	191	70	5			8,096	945	245	28	12,802
LU	63	31			80		307	23	582	99	1,185
LV	1,743	318	2,633	17	12		5,219	392	399	26	10,759
MT	13	3	5	2			184	49		5	261
NL	4,058	114	3,114	52	405	17	3,239	220	1,378	149	12,746
PL	17,728	2,270	32,022	1,636	2,891	185	140,181	10,259	1,556	114	208,842
PT	600	57	264	21	148		1,702	80	345	166	3,383
RO	3,138	921	6,563	230			21,641	1,755	831	242	35,321
SE	6,423	567	1,940	110	178		6,294	572	1,265	278	17,627
SI	1,581	78	792	68	133	50	13,988	377	252	52	17,371
SK	946	265	594	53			2,399	224	120	308	4,909
UK	27,013	778	9,232	198	1,780	150	18,584	568	4,397	227	62,927
EEA	3,150	60	829	27	8	0	2,918	81	1,451	107	8,631
Total	188,774	16,722	103,871	5,045	14,649	1,358	443,087	26,239	93,618	7,673	901,036

6.1.2 Estimating the extent of direct cross-border procurement and indirect cross-border procurement through affiliates

Overall, a share of 1.6% direct cross-border procurement and 11.4% indirect cross-border procurement through affiliates was identified.

Table 56: Direct cross-border procurement and indirect cross-border procurement through affiliates

Year	Number of awards	Direct cross-border awards		Indirect cross-border awards	
2009	354,527	4,955	1.4%	40,499	11.4%
2008	296,244	5,273	1.8%	33,103	11.2%
2007	250,262	3,988	1.6%	29,358	11.7%
Total	901,034	14,216	1.6%	102,960	11.4%

The figures are different when looking at contract values instead of counting number of awards. Of the value of contracts, 3.5% is awarded directly cross-border and 13.4% indirectly through affiliates. This is illustrated by the following table.

Table 57: Direct cross-border procurement and indirect cross-border procurement through affiliates 2007-2009 (contract values)

Year	Value (m EUR)	Direct cross-border value		Indirect cross-border value	
2009	157,049.7	5,649.1	3.6%	18,815.3	12.4%
2008	179,286.7	6,624.5	3.7%	27,288.1	13.7%
2007	206,243.5	6,639.2	3.2%	28,822.7	13.9%
Total	542,579.8	18,912.8	3.5%	74,926.1	13.4%

Calculation of the shares with regards to contract values took the following considerations into account:

- Plausible data on contract values are available for only about 60% of all awards. Values were regarded as implausible if the given total value of all lots differed from the calculated total of the values of the single awards. Furthermore, values for awards (i.e. single lots) below €1,000 and above €200 million were excluded from the analysis. Values above €200 million were excluded as it turned out that otherwise single awards with unusually high contract values would influence results considerably when investigating certain dimensions.
- Shares of contracts awarded directly cross-border were calculated using all datasets where plausible data on contract values was available (631,906 datasets). This was in contrast to the calculation of the number of awards directly cross-border. These were calculated on the basis of the sample only, as described above. This approach was chosen as results were implausible otherwise. The results with regards to the number of awards were checked for plausibility as well. Here, calculating on the basis of the sample only produced results that are in line with calculations based on all awards. To achieve a means of calculation that was as uniform as possible, it was thus calculated on the basis of the sample only.
- Shares of values awarded indirectly cross-border through affiliates were calculated using those awards included in the sample and for which plausible information on contract values was available (28,272 datasets). Separate weighting factors were calculated to extrapolate from those awards to the total extent of indirect cross-border procurement in regard to contract values.

Overall, figures on shares of the number of awards are more robust than figures on shares of contract values as single cases with high contract values can influence results considerably.

Total values on public procurement above EU thresholds presented here are significantly lower than figures published by the Commission.⁷⁸ The reason for this is that – as stated above – here only those awards were included where plausible information about contract values was available for each award. In contrast to this, the Commission calculated assumed values for those awards where this information was not available, i.e. Commission estimates are a better estimation of the total extent of procurement. In the course of this study a different approach was chosen as single data points for each award were necessary in order to perform certain calculations on cross-border procurement.

6.2 Survey of economic operators

6.2.1 Approach

Information on the extent of cross-border procurement through subcontracting, consortia, and distributors/wholesalers is not available from TED and/or D&B data. Thus, a survey of economic operators was conducted to collect evidence on this. The survey was conducted by *forsa Gesellschaft für Sozialforschung und statistische Analysen mbH*.

It was aimed at conducting at least 1,000 telephone interviews in a selection of Member States. The following distribution among Member States was applied:

- 100 interviews in the Netherlands/Belgium (Dutch)
- 150 interviews in the UK/Ireland/Malta (English)
- 150 interviews in France/Belgium (French)
 - 150 interviews in Germany/Austria (German)
- 100 interviews in Italy (Italian)
- 100 interviews in Latvia (Latvian)
- 150 interviews in Poland (Polish)
- 100 interviews in Sweden (Swedish).

The questionnaire (cf. supplement) was developed by Rambøll Management Consulting and included questions on bidder consortia and subcontracting, on general experience with public procurement, different ways of bidding cross-border and on relevant experiences when bidding cross-border, besides general information about the interviewed business. Forsa was charged with the implementation of the survey and was actually responsible for the following steps:

- Management of the business survey
- Programming of the questionnaire
- Conducting of a pre-test of the German version.
- Training interviewers
- Translation of the English language questionnaire designed and provided by Rambøll into
 - Dutch
 - French
 - German
 - Italian
 - Latvian
 - Polish
 - Swedish
- Conducting and organising the survey
- Organisation and supervision of the interviews
- Data set-up, consistency checks
- Descriptive analysis of the data (frequency tables)
- Delivery of an SPSS data set with labels
- Delivery of a final report (including information on number of interviews, number of businesses contacted, response rates etc).

A total of 1038 interviews were successfully conducted in 12 different Member States and transferred into a labelled SPSS data set.

⁷⁸ cf. European Commission working document: "Public procurement indicators 2009", http://ec.europa.eu/internal_market/publicprocurement/docs/indicators2009_en.pdf

The contact data of the businesses was derived from the TED data which was also used for assessing the extent of cross-border procurement.

In the course of this study businesses with experience of cross-border procurement are of particular interest. For example, factors that influence bidding cross-border were examined (cf. chapter 4.2). Thus, businesses with experience of bidding cross-border were given priority in the survey. This means that this group of businesses was often interviewed disproportionately. To correct the quantitative information with regards to the measurement for this, weighting factors were calculated and applied as the following table shows. No weighting factors were calculated for Ireland and Malta as no businesses with experience of direct cross-border procurement were interviewed in these Member States.

Table 58: Population and businesses surveyed

	Population (TED data)			Surveyed businesses			Weights	
	Total	Non-direct cross-border %	Direct cross-border %	Total	non-direct cross-border %	Direct cross-border %	non-direct cross-border	Direct cross-border
Austria	8,760	94.0%	6.0%	20	90.0%	10.0%	0.6111	2.9012
Belgium	12,592	94.9%	5.1%	36	97.2%	2.8%	0.4563	7.0310
France	263,732	99.0%	1.0%	136	92.6%	7.4%	2.7703	2.7663
Germany	61,153	98.3%	1.7%	130	82.3%	17.7%	0.7511	0.4817
Ireland	6,417	84,5%	15,5%	2	100.0%	0.0%	-	-
Italy	42,134	98.7%	1.3%	100	87.0%	13.0%	0.6386	0.4691
Latvia	10,770	97.2%	2.8%	110	99.1%	0.9%	0.1284	3.2796
Malta	276	85,1%	14,9%	10	100.0%	0.0%	-	-
Netherlands	12,773	96.9%	3.1%	92	89.1%	10.9%	0.2017	0.4366
Poland	208,870	99.2%	0.8%	151	98.0%	2.0%	1.8703	6.3107
Sweden	17,630	96.9%	3.1%	108	79.6%	20.4%	0.2656	0.2687
UK	62,995	98.4%	1.6%	143	88.8%	11.2%	0.6524	0.6773

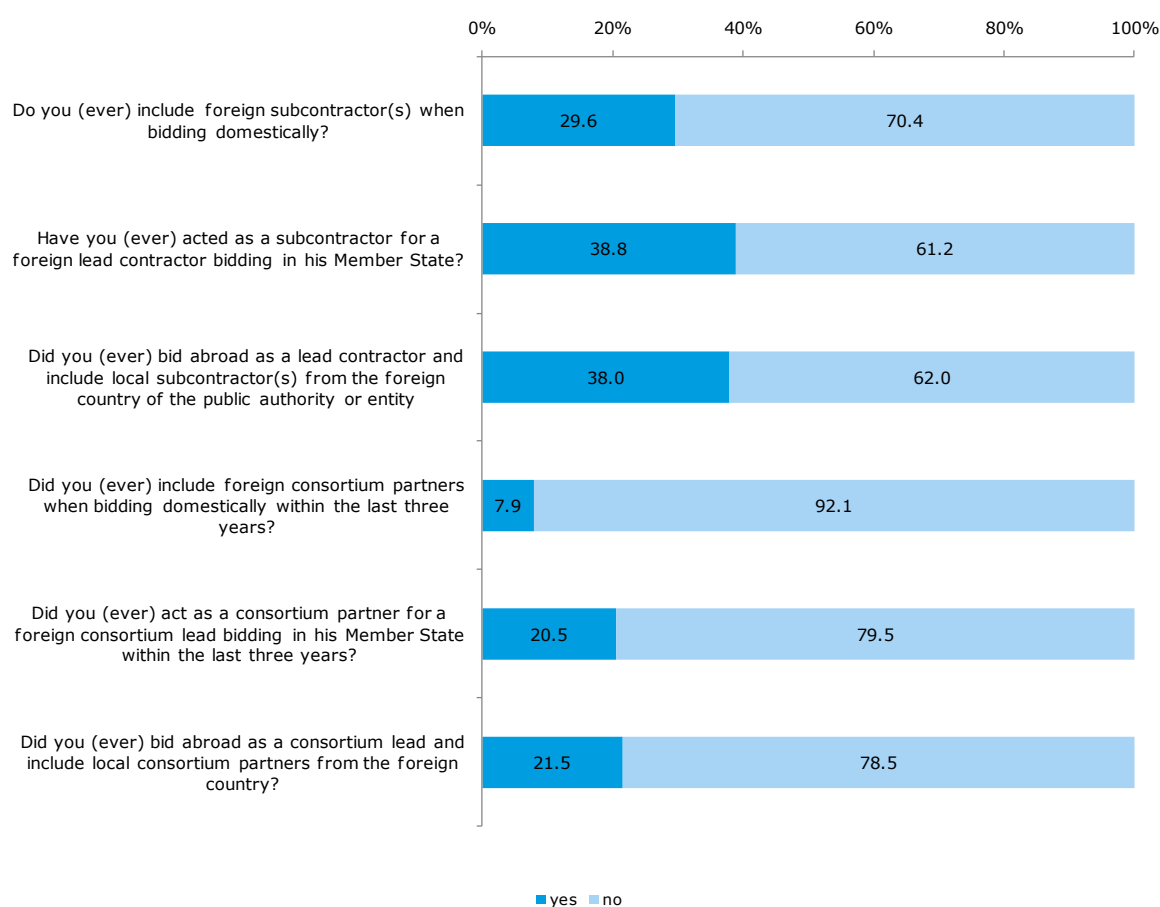
6.2.2 Estimating the extent of indirect cross-border procurement through consortia and subcontracting

The estimation of indirect cross-border procurement through consortia and subcontracting was developed in several steps laid out here.

On basis of the survey results it is possible to assess:

- the share of respondents that have used each particular type of indirect cross-border bidding;
- the share of total bids of each particular type;
- the share of total contract value of each particular type.

The following figure reveals which means of participating cross-border were most popular across the economic operators.

Figure 33: Businesses' experience with different types of cross-border bidding

The questions in the survey covered different perspectives on indirect cross-border procurement through subcontractors and consortia. They can be summarised as follows:

Subcontracting

- (1) A domestic economic operator includes a foreign subcontractor;
- (2) A foreign subcontractor included by another economic operator;
- (3) A foreign economic operator includes a domestic subcontractor.

It should be noted that the first two cases describe the same phenomenon. Results on the extent of the two perspectives were used to check the robustness of the overall estimation.

Bidding consortia

- (4) A domestic economic operator includes a foreign consortium partner;
- (5) A foreign consortium partner included by another economic operator
- (6) A foreign economic operator which is lead contractor includes domestic consortium partners.

Much as in the case of subcontracting, cases (4) and (5) cover the same means of indirect participation only from a different perspective. Again, the results on the extent of the two perspectives were used to check the robustness of the overall estimation

The decisive step was to transform the data collected into a meaningful single number representing the actual effect on the level of cross-border procurement. For this purpose the answer categories of the answers in the questionnaire were translated into the mean.⁷⁹ For example, the category 0%-5% was counted as 2.5%. Subsequently, each category was

⁷⁹ It seems reasonable to assume that each answer possibility of the subcategories is in principle equiprobable. For the last open category, an assumption about the distribution was needed. Again it appeared reasonable to assume a mean close to the end of the category, disregarding extreme values.

multiplied by its weighted frequency. In the final step these single means are summed up to a representative mean. The mean in turn serves as the basis for assessing the total share by multiplying it with the weighted frequency of the participants.

The amount of the relevant subcategories is added up for an estimate of the share of indirect cross-border activity. The calculation is shown in the following tables.

Table 59: Calculation of indirect cross-border procurement through subcontractors and consortia (by number of respondents)

Column	1	2	3	4	6
Type	Number of respondents	in %	Reported share of all bids in % (mean)	Total share of all bids in % (mean) ⁸⁰	Is counted as
(1) Domestic economic operator includes foreign subcontractor	288	27.79%	3.45	0.96	Indirect through subcontracting
(3) Foreign economic operator is included by local subcontractor	94	9.08%	6.81	0.62	Not applicable
(4) Domestic economic operator includes foreign consortium partner	77	7.42%	4.04	0.30	Indirect through consortia
(6) Foreign economic operator includes local consortium partner	51	4.90%	7.22	0.35	Not applicable

Table 60: Calculation of indirect cross-border procurement through subcontractors and consortia (by contract values)

Column	1	2	3	4
Type	Total share of all bids in % (mean) ⁸¹	Reported share of contract value in % (mean)	Total share of contract values in % ⁸²	Is counted as
(1) Domestic economic operator includes foreign subcontractor	0.96	10.69	0.10	Indirect through subcontracting
(3) Foreign economic operator is included by local subcontractor	0.62	21.54	0.13	Domestic (not cross-border)
(4) Domestic economic operator includes foreign consortium partner	0.30	18.52	0.06	Indirect through consortia
(6) Foreign economic operator includes local consortium partner	0.35	20.07	0.07	Domestic (not cross-border)

⁸⁰ Column 2 multiplied by column 3.

⁸¹ Cf. table above, column 4

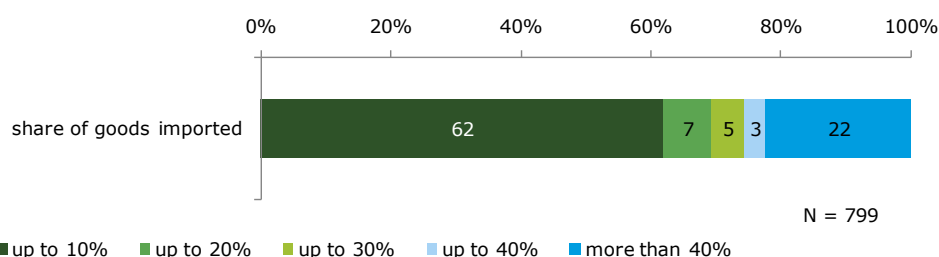
⁸² Column 1 multiplied by column 2

6.2.3 Estimating the extent of indirect cross-border through wholesalers/distributors

Finally, data about the share of goods imported from abroad when bidding domestically was collected. For this, the question asked was: "How much of what you sell to public institutions in your home country do you import?" The results are presented in the following figure.

Figure 34: Business' feedback on the share of goods imported

How much of what you sell to public institutions in your home country do you import?



This question is used to approximate the share of goods that are imported for purposes of domestic procurement and should be considered as indirect cross-border procurement through wholesalers/distributors.

There were three steps in the process of deriving the estimate for the type of indirect procurement through wholesaling/distribution, as described below.

First, in order to recognise the fact that the *reported* share of imported goods does not directly correspond to the *absolute* share of indirect procurement through wholesaling, additional data from the TED database was utilised. The main idea to start out with was to include the figures available on total contract value relative to sector and company size as weighting factors. For this reason, in the first step, absolute numbers from the TED data were converted into their relevant share of total contract value.

The following table depicts the absolute amounts by total contract value:

Table 61: Total contract value in regard to company sizes and sectors

Sector	Total m EUR	Fewer than 10 employees m EUR	Fewer than 50 employees m EUR	Fewer than 250 employees m EUR	More than 250 employees m EUR
Construction	78,529.33	5,187.79	5,776.84	12,815.14	49,147.38
Commodities and food	8,150.63	180.87	411.57	594.57	6,926.95
Machinery and equipment	32,875.09	2,920.08	2,622.60	3,218.67	23,895.49
Manufactured goods	3,911.19	105.21	195.20	484.91	1,494.00
Business services	41,878.54	2,045.12	3,686.45	7,671.81	28,042.62
Other services	38,791.11	1,410.76	1,575.69	8,480.03	26,778.81

The following table displays the corresponding shares of total contract value.

Table 62: Share of total contract value relative to company sizes and sectors

Sector	Total	Fewer than 10 employees	Fewer than 50 employees	Fewer than 250 employees	More than 250 employees
Construction	37.3%	2.7%	3.0%	6.5%	25.1%
Commodities and food	4.1%	0.1%	0.2%	0.3%	3.5%
Machinery and equipment	16.7%	1.5%	1.3%	1.6%	12.2%
Manufactured goods	1.2%	0.1%	0.1%	0.2%	0.8%
Business services	21.2%	1.0%	1.9%	3.9%	14.3%
Other services	19.5%	0.7%	0.8%	4.3%	13.7%
Total	100.0%	6.1%	7.3%	17.0%	69.7%

The services sector (business services and other services) makes up the largest share of total contract value, followed by works (construction), then supplies (commodities and food, machinery and equipment, and manufactured goods).

In the same manner, the results from the survey are differentiated in more detail in regard to company sizes and sectors. For this reason, in the second step the respondent feedback was split into relevant subcategories. This makes it possible, for example, to assess the frequency of respondents, who

- belong to the construction sector, and
- have fewer than 10 employees.

For each combination the average extent of imports was calculated as follows. The answer categories of the import rate were translated into a representative mean. First, the class midpoints are multiplied by their weighted frequency based on the following principles:

- up to 10%: out of prudence this class was counted as 0%
- up to 20%: taken in as class midpoint with 15%
- up to 30%: taken in as class midpoint with 25%
- up to 40%: taken in as class midpoint with 35%
- more than 40%: taken in as 45% based on the distribution assumption mentioned above.

In this way, a representative mean for the relevant categories can be estimated. The following table comprises the results of the calculation:

Table 63: Extent of imports by sectors and company sizes (in %)

Sector	Fewer than 10 employees	Fewer than 50 employees	Fewer than 250 employees	More than 250 employees
Construction	9.61	5.30	5.13	5.92
Commodities and food	16.95	16.50	3.50	22.78
Manufactured goods	12.90	17.15	9.83	16.64
Machinery and equipment	34.58	27.06	17.04	30.10
Business services	4.69	13.46	8.15	6.04
Other services	15.48	10.25	13.19	11.27

Relating this back to the example above, companies in the construction sector with fewer than 10 employees reported in the business survey that they on average import 9.61% of the goods for the purposes of domestic procurement.

In the third and last step of the calculation, data from the survey and the TED database are brought together.

For each combination of sector and size the extent of imports is multiplied by the share of total contract value. Thus, the shares of total contract value serve as weighting factors for calculating a weighted average.⁸³ The following table comprises the results of this calculation:

Table 64: Extent of imports by sectors and company sizes (in %) weighted by shares on total contract values

Sectors	Fewer than 10 employees	Fewer than 50 employees	Fewer than 250 employees	250 and more employees	Total
Construction	0.25	0.16	0.34	1.49	125
Commodities and food	0.02	0.03	0.01	0.81	87
Manufactured goods	0.01	0.02	0.02	0.13	18
Machinery and equipment	0.52	0.36	0.28	3.68	187
Business services	0.05	0.25	0.32	0.87	149
Other services	0.11	0.08	0.57	1.54	1310
Total	96	900	154	357	1507

In total this adds up to 11.9%. Thus, it is assumed that indirect procurement through wholesaler/distributors amounts to 11.9% of total contract values.

⁸³ It should be noted that this step is only possible since the classification of sectors and company sizes were equivalent in both data sources.

7. DATA ANNEX

7.1 Analysis of import penetration

Table 65: Size of public and private sector in 2000 (without land transport)

Country	Total use in m EUR			Share of sectors in total use in %		
	Public sector	Private sector	Total economy	Public sector	Private sector	Total economy
Member States of the European Union						
AUSTRIA	60,289	387,055	447,344	13.5	86.5	100.0
BELGIUM	74,040	662,599	736,639	10.1	89.9	100.0
BULGARIA						
CZECH REPUBLIC						
CYPRUS						
DENMARK	58,965	302,468	361,433	16.3	83.7	100.0
ESTONIA	2,060	17,007	19,067	10.8	89.2	100.0
FINLAND	39,038	254,475	293,513	13.3	86.7	100.0
FRANCE	457,323	2,539,302	2,996,625	15.3	84.7	100.0
GERMANY	558,329	3,754,181	4,312,510	12.9	87.1	100.0
GREECE	35,096	228,106	263,202	13.3	86.7	100.0
HUNGARY	16,034	135,179	151,213	10.6	89.4	100.0
IRELAND	23,556	277,077	300,633	7.8	92.2	100.0
ITALY	325,149	2,289,873	2,615,022	12.4	87.6	100.0
LATVIA (1998)	1,864	12,774	14,639	12.7	87.3	100.0
LITHUANIA	3,874	23,170	27,044	14.3	85.7	100.0
LUXEMBOURG						
MALTA						
NETHERLANDS	137,019	864,730	1,001,748	13.7	86.3	100.0
POLAND	50,216	373,783	423,999	11.8	88.2	100.0
PORTUGAL	31,262	214,267	245,530	12.7	87.3	100.0
ROMANIA	13,825	79,247	93,073	14.9	85.1	100.0
SLOVAK REPUBLIC	12,707	84,895	97,602	13.0	87.0	100.0
SLOVENIA	5,318	41,242	46,560	11.4	88.6	100.0
SPAIN	160,253	1,234,143	1,394,396	11.5	88.5	100.0
SWEDEN	97,799	497,649	595,448	16.4	83.6	100.0
UNITED KINGDOM						
EUROPEAN UNION⁸⁴	2,164,016	14,273,223	16,437,240	13.2	86.8	100.0
Non-Member States of the European Union⁸⁵						
CANADA	220,528	1,390,057	1,610,584	13.7	86.3	100.0
CHINA	292,430	3,026,652	3,319,082	8.8	91.2	100.0
JAPAN	1,333,985	8,108,861	9,442,846	14.1	85.9	100.0
NORWAY	47,733	275,911	323,644	14.7	85.3	100.0
SWITZERLAND	62,665	506,689	569,353	11.0	89.0	100.0
USA	3,297,327	16,140,035	19,437,361	17.0	83.0	100.0

⁸⁴ Total of Reporting Countries.

⁸⁵ Data of Non-Member States of the European Union in US dollar million.

Table 66: Public and total demand by product in 2000

Code CPA	Short Name of Product	Total use	Public demand	Share of pub. demand in total use	Share of prod. in total dem. of pub. sector
		In m EUR		%	
01	Products of agriculture	355,242	5,086	1.4	0.2
02	Products of forestry	28,214	260	0.9	0.0
05	Fish and other fishing products	15,039	135	0.9	0.0
10	Coal and lignite; peat	17,460	10,119	58.0	0.5
11	Crude petroleum/natural gas	168,837	26,649	15.8	1.2
12	Uranium and thorium ores	12		2.6	0.0
13	Metal ores	18,647	2,195	11.8	0.1
14	Other mining products	38,845	1,015	2.6	0.0
15	Food products and beverages	732,703	15,445	2.1	0.7
16	Tobacco products	22,528	31	0.1	0.0
17	Textiles	172,686	2,342	1.4	0.1
18	Wearing apparel; furs	141,775	2,162	1.5	0.1
19	Leather and leather products	79,474	515	0.6	0.0
20	Wood and products of wood	118,577	1,331	1.1	0.1
21	Pulp, paper and paper products	195,127	4,958	2.5	0.2
22	Printed matter/recorded media	202,857	13,440	6.6	0.6
23	Coke, refined petroleum prod.	259,188	16,565	6.4	0.8
24	Chemicals/chemical products	685,115	64,944	9.5	3.0
25	Rubber and plastic products	226,876	3,765	1.7	0.2
26	Other non-metallic min. prod.	191,630	2,384	1.2	0.1
27	Basic metals	345,634	1,375	0.4	0.1
28	Fabricated metal products	358,718	6,879	1.9	0.3
29	Machinery and equipment n.e.c.	598,133	15,061	2.5	0.7
30	Office machinery/computers	191,896	3,402	1.8	0.2
31	Electrical machinery/apparatus	294,959	8,985	3.0	0.4
32	TV/communication equip.	307,968	6,488	2.1	0.3
33	Medical etc instruments	157,764	19,876	12.6	0.9
34	Motor vehicles/ trailers	685,281	1,767	0.3	0.1
35	Other transport equipment	194,331	9,977	5.1	0.5
36	Furniture/other manufact. goods	202,445	5,750	2.8	0.3
37	Secondary raw materials	11,815	636	5.4	0.0
40	Electrical energy/gas/steam	264,971	56,993	21.5	2.6
41	Collected and purified water	32,395	4,705	14.5	0.2
45	Construction work	953,231	39,673	4.2	1.8
50	Trade/ maintenance/repair	264,204	8,024	3.0	0.4
51	Wholesale trade	723,894	31,900	4.4	1.5
52	Retail trade services	500,373	26,164	5.2	1.2
55	Hotel and restaurant services	400,674	12,320	3.1	0.6
60	Land transport	343,110	19,213	5.6	0.9
61	Water transport services	63,181	812	1.3	0.0
62	Air transport services	98,851	4,326	4.4	0.2
63	Auxiliary transport services	296,769	14,017	4.7	0.6
64	Post/Telecommunication	286,215	39,757	13.9	1.8
65	Financial intermediation	391,410	22,557	5.8	1.0
66	Insurance/pension funding	152,829	5,384	3.5	0.2
67	Auxiliary fin. intermediation	96,714	2,658	2.7	0.1
70	Real estate services	962,964	48,281	5.0	2.2
71	Renting services of machinery	138,679	10,544	7.6	0.5
72	Computer and related services	214,523	15,200	7.1	0.7
73	Research and development	139,237	36,785	26.4	1.7

Code CPA	Short Name of Product	Total use	Public demand	Share of pub. demand in total use	Share of prod. in total dem. of pub. sector
		In m EUR		%	
74	Other business services	948,771	75,414	7.9	3.5
75	Public administration etc	618,677	587,196	94.9	27.1
80	Education services	400,205	322,997	80.7	14.9
85	Health and social work services	620,983	447,232	72.0	20.7
90	Sewage/refuse disposal serv.	86,526	26,652	30.8	1.2
91	Membership organisation serv.	58,528	6,530	11.2	0.3
92	Recreational, cultural services	237,764	39,853	16.8	1.8
93	Other services	87,902	5,292	6.0	0.2
95	Priv. households with empl. pers.	33,885		0.0	0.0
	Total⁸⁶	16,437,240	2,164,016	13.2	100.0

⁸⁶ Sum of reporting EU-Member countries.

Table 67: Re-calculated import penetration of public sector

Code CPA	Name of Product (abbreviation)	Share of imports in terms of products total use by public sector (in per cent)⁸⁷	Share of products in total demand of private sector (consumption patterns of the private sector)⁸⁸	If public sector imports are based on the consumption patterns of the private sector the following estimations of import penetration were calculated (in percentage points)
01	Products of agriculture	14.1	2.1	0.3
02	Products of forestry	0.5	0.2	0.0
05	Fish and other fishing products	28.7	0.1	0.0
10	Coal and lignite; peat	47.2	0.1	0.0
11	Crude petroleum/natural gas	81.1	1.2	1.0
12	Uranium and thorium ores		0.0	0.0
13	Metal ores	81.0	0.1	0.1
14	Other mining products	51.8	0.3	0.1
15	Food products and beverages	18.9	4.8	0.9
16	Tobacco products	22.2	0.1	0.0
17	Textiles	53.8	0.9	0.5
18	Wearing apparel; furs	36.3	0.8	0.3
19	Leather and leather products	37.1	0.5	0.2
20	Wood and products of wood	16.0	0.7	0.1
21	Pulp, paper and paper products	28.2	1.1	0.3
22	Printed matter/recorded media	7.2	1.1	0.1
23	Coke, refined petroleum prod.	41.8	2.1	0.9
24	Chemicals/chemical products	50.3	4.3	2.2
25	Rubber and plastic products	34.6	1.6	0.5
26	Other non-metallic min. prod.	15.7	1.3	0.2
27	Basic metals	35.4	2.6	0.9
28	Fabricated metal products	19.2	2.5	0.5
29	Machinery and equipment n.e.c.	31.3	4.0	1.2
30	Office machinery/computers	76.8	1.0	0.8
31	Electrical machinery/apparatus	33.8	1.8	0.6
32	TV/communication equip.	49.2	1.6	0.8
33	Medical etc instruments	54.5	1.0	0.5
34	Motor vehicles/ trailers	39.8	4.9	1.9
35	Other transport equipment	38.7	1.2	0.5
36	Furniture/other manufact. goods	18.7	1.2	0.2
37	Secondary raw materials	0.0	0.1	0.0

⁸⁷ E.g. 14.1% of the total agricultural products used by the public sector are imported.⁸⁸ E.g. 2.1% of the private sector use from a total of 100% is allocated for agricultural products.

Code CPA	Name of Product (abbreviation)	Share of imports in terms of products total use by public sector (in per cent) ⁸⁷	Share of products in total demand of private sector (consumption patterns of the private sector) ⁸⁸	If public sector imports are based on the consumption patterns of the private sector the following estimations of import penetration were calculated (in percentage points)
40	Electrical energy/gas/steam	12.3	1.7	0.2
41	Collected and purified water	0.2	0.2	0.0
45	Construction work	0.7	6.9	0.0
50	Trade/ maintenance/repair	0.1	1.8	0.0
51	Wholesale trade	2.1	4.7	0.1
52	Retail trade services	0.0	3.2	0.0
55	Hotel and restaurant services	13.5	2.7	0.4
60	Land transport	3.2	2.3	0.1
61	Water transport services	16.7	0.5	0.1
62	Air transport services	33.4	0.6	0.2
63	Auxiliary transport services	2.4	2.1	0.1
64	Post/Telecommunication	11.8	1.9	0.2
65	Financial intermediation	6.6	2.6	0.2
66	Insurance/pension funding	3.7	1.3	0.0
67	Auxiliary fin. intermediation	4.9	0.8	0.0
70	Real estate services	0.3	6.7	0.0
71	Renting services of machinery	3.8	0.9	0.0
72	Computer and related services	12.3	1.5	0.2
73	Research and development	6.1	0.7	0.0
74	Other business services	7.6	6.7	0.5
75	Public administration etc	0.1	0.2	0.0
80	Education services	0.0	0.6	0.0
85	Health and social work services	0.0	1.3	0.0
90	Sewage/refuse disposal serv.	0.7	0.4	0.0
91	Membership organisation serv.	0.1	0.3	0.0
92	Recreational, cultural services	1.4	1.4	0.0
93	Other services	2.3	0.6	0.0
95	Priv. households with empl. pers.	0.0	0.2	0.0
Total⁸⁹		7.5⁹⁰	100.0	18.2

⁸⁹ Sum of reporting EU-Member countries

⁹⁰ Share of imports calculated using weighted means of country ratios considering the size of imports of each country as weight.

Table 68: Import penetration of public and private sector by country (2000)

Country	Imports in Mio. EUR			Share of imports in total use in %			Intra EU imports in %
	Public sector	Private sector	Total import	Public sector	Private sector	Total import	
Member States of the European Union							
AUSTRIA	4,971	79,584	84,554	8.2	20.6	18.9	66.2
BELGIUM	5,097	191,122	196,219	6.9	28.8	26.6	71.5
BULGARIA							
CZECH REPUBLIC							
CYPRUS							
DENMARK	2,893	67,441	70,334	4.9	22.3	19.5	64.1
ESTONIA	259	4,994	5,253	12.6	29.4	27.6	
FINLAND	2,354	40,885	43,239	6.0	16.1	14.7	55.8
FRANCE	22,091	359,713	381,804	4.8	14.2	12.7	58.1
GERMANY	28,792	603,118	631,910	5.2	16.1	14.7	50.5
GREECE	5,102	42,038	47,140	14.5	18.5	17.9	
HUNGARY	2,092	37,127	39,218	13.0	27.5	25.9	
IRELAND	2,627	86,070	88,697	11.2	31.1	29.5	
ITALY	18,193	282,342	300,535	5.6	12.3	11.5	
LATVIA (1998)	294	3,278	3,573	15.8	25.7	24.4	
LITHUANIA	434	5,933	6,367	11.2	25.6	23.5	
LUXEMBOURG							
MALTA							
NETHERLANDS	8,794	233,453	242,247	6.4	27.0	24.2	52.6
POLAND	2,445	59,333	61,778	4.9	15.9	14.6	61.1
PORTUGAL	2,045	39,871	41,916	6.5	18.6	17.1	
ROMANIA	2,097	13,786	15,883	15.2	17.4	17.1	
SLOVAK REPUBLIC	596	22,143	22,738	4.7	26.1	23.3	
SLOVENIA	485	10,096	10,581	9.1	24.5	22.7	
SPAIN	11,524	187,926	199,450	7.2	15.2	14.3	
SWEDEN	5,811	92,553	98,364	5.9	18.6	16.5	
UNITED KINGDOM							
EUROPEAN UNION⁹¹	128,996	2,462,806	2,591,802	6.5	18.7	17.1	60.0
Non-Member States of the European Union⁹²							
CANADA	14,673	263,744	278,417	6.7	19.0	17.3	
CHINA	8,230	224,434	232,664	2.8	7.4	7.0	
JAPAN	30,302	436,688	466,991	2.3	5.4	4.9	
NORWAY	2,995	46,007	49,002	6.3	16.7	15.1	
SWITZERLAND	5,106	97,017	102,122	8.1	19.1	17.9	
USA	124,482	1,126,354	1,250,836	3.8	7.0	6.4	

⁹¹ EU27; total of Reporting Countries; shares of imports calculated using weighted means of country ratios considering the size of imports of each country as weight.

⁹² Imports of Non-Member Countries of the European Union in US dollar million.

Table 69: Import penetration of public and private sector by country (1995)

Country	Imports in m EUR			Share of imports in total use in %			Intra EU imports in %
	Public sector	Private sector	Total import	Public sector	Private sector	Total import	
Member States of the European Union							
AUSTRIA	3,312	51,180	54,492	6.6	17.5	15.9	70.4
BELGIUM	2,934	123,009	125,943	5.0	25.6	23.4	74.9
BULGARIA							
CZECH REPUBLIC							
CYPRUS							
DENMARK	1,885	37,883	39,768	4.0	17.2	14.9	69.7
ESTONIA (1997)	241	3,369	3,610	15.2	29.1	27.5	
FINLAND	1,442	25,590	27,032	4.7	15.0	13.4	59.9
FRANCE	12,545	234,997	247,542	3.3	12.2	10.7	63.5
GERMANY	17,466	367,634	385,100	3.6	12.2	11.0	56.3
GREECE							
HUNGARY (1998)	1,675	20,214	21,889	12.0	22.2	20.8	
IRELAND (1998)	2,282	55,718	58,000	14.6	27.9	27.9	
ITALY	10,082	190,809	200,891	4.2	11.0	10.2	
LATVIA (1996)	217	2,169	2,385	15.7	24.7	23.5	
LITHUANIA							
LUXEMBOURG							
MALTA							
NETHERLANDS	5,581	151,744	157,325	5.0	24.2	21.3	66.0
POLAND							
PORTUGAL	1,241	27,161	28,402	5.6	16.9	15.5	
ROMANIA							
SLOVAK REPUBLIC							
SLOVENIA (1996)	345	5,648	5,993	9.4	21.8	20.2	
SPAIN	5,409	91,950	97,359	5.0	11.7	10.9	65.9
SWEDEN	3,635	54,899	58,534	4.9	16.7	14.6	
UNITED KINGDOM	19,198	214,071	233,269	6.1	13.7	12.4	54.7
EUROPEAN UNION ⁹³	89,489	1,658,043	1,747,533	5.1	15.6	14.1	64.6
Non-Member States of the European Union ⁹⁴							
CANADA	8,675	206,610	215,285	4.3	19.0	16.7	
CHINA	3,884	133,428	137,312	3.1	7.1	6.9	
JAPAN	25,419	439,431	464,850	2.0	4.8	4.5	
NORWAY	3,096	43,863	46,960	6.6	17.6	15.8	
SWITZERLAND							
USA	55,529	724,707	780,236	2.4	6.1	5.5	

⁹³ EU27; total of Reporting Countries; shares of imports calculated using weighted means of country ratios considering the size of imports of each country as weight.

⁹⁴ Imports of Non-Member States of the European Union in US dollar million.

Table 70: Change in import penetration in 2005 over 2000

Country	Imports (Index 2000=100)			Share of imports in total use (Index 2000=100)		
	Public sector	Private sector	Total import	Public sector	Private sector	Total import
	Member States of the European Union					
AUSTRIA	152	138	139	117	110	110
BELGIUM	132	113	114	102	99	98
BULGARIA						
CZECH REPUBLIC						
CYPRUS						
DENMARK	147	129	130	115	105	105
ESTONIA						
FINLAND	159	134	135	117	110	109
FRANCE	151	114	116	120	97	98
GERMANY	141	117	119	126	106	107
GREECE	69	133	126	50	96	92
HUNGARY	184	149	151	98	95	94
IRELAND	152	126	127	84	87	86
ITALY	142	118	120	107	100	99
LATVIA						
LITHUANIA	163	211	208	110	112	114
LUXEMBOURG						
MALTA						
NETHERLANDS	148	130	130	106	103	102
POLAND	172	143	144	125	106	106
PORTUGAL	208	125	129	128	96	96
ROMANIA	241	219	222	118	110	111
SLOVAK REPUBLIC	480	167	175	343	107	114
SLOVENIA	182	168	169	119	105	106
SPAIN	182	135	138	116	93	94
SWEDEN	107	114	114	96	103	102
UNITED KINGDOM						
EUROPEAN UNION ⁹⁵	153	126	127	115	102	102
	Non-Member States of the European Union					
CANADA	175	138	140	103	93	93
CHINA	593	306	316	217	138	139
JAPAN	191	129	133	206	132	137
NORWAY	213	171	174	115	97	97
SWITZERLAND						
USA	165	135	138	121	107	108

⁹⁵ Based on total of reporting countries.

Table 71: Change in import penetration in 2000 over 1995

Country	Imports (Index 1995=100)			Share of imports in total use (Index 1995=100)		
	Public sector	Private sector	Total import	Public sector	Private sector	Total import
	Member States of the European Union					
AUSTRIA	150	155	155	125	117	119
BELGIUM	174	155	156	137	113	114
BULGARIA						
CZECH REPUBLIC						
CYPRUS						
DENMARK	153	178	177	121	130	131
ESTONIA	108	148	146	83	101	100
FINLAND	163	160	160	129	107	110
FRANCE	176	153	154	148	116	119
GERMANY	165	164	164	144	131	133
GREECE						
HUNGARY	125	184	179	109	124	124
IRELAND	115	154	153	76	111	106
ITALY	180	148	150	134	112	113
LATVIA	136	151	150	100	104	104
LITHUANIA						
LUXEMBOURG						
MALTA						
NETHERLANDS	158	154	154	127	112	113
POLAND						
PORTUGAL	165	147	148	117	110	110
ROMANIA						
SLOVAK REPUBLIC						
SLOVENIA	140	179	177	97	113	112
SPAIN	213	204	205	144	130	132
SWEDEN	160	169	168	120	111	114
UNITED KINGDOM						
EUROPEAN UNION⁹⁶	144	149	148	128	120	121
	Non-Member States of the European Union					
CANADA	169	128	129	156	100	104
CHINA	212	168	169	90	104	102
JAPAN	119	99	100	113	111	110
NORWAY	97	105	104	96	95	96
SWITZERLAND						
USA	224	155	160	160	115	118

⁹⁶ Based on total of reporting countries.

Table 72: Change in import penetration in 2005 over 1995

Country	Imports (Index 1995=100)			Share of imports in total use (Index 1995=100)		
	Public sector	Private sector	Total import	Public sector	Private sector	Total import
Member States of the European Union						
AUSTRIA	227	214	215	146	129	130
BELGIUM	229	176	177	140	111	112
BULGARIA						
CZECH REPUBLIC						
CYPRUS						
DENMARK	225	230	230	140	136	137
ESTONIA	172	258	252	86	99	100
FINLAND	259	213	216	151	118	120
FRANCE	265	174	179	178	112	116
GERMANY	233	193	194	182	139	142
GREECE						
HUNGARY	230	274	271	106	118	117
IRELAND	175	195	195	64	97	91
ITALY	257	175	179	143	111	112
LATVIA						
LITHUANIA						
LUXEMBOURG						
MALTA						
NETHERLANDS	233	200	201	135	115	116
POLAND						
PORTUGAL	343	184	191	151	106	106
ROMANIA						
SLOVAK REPUBLIC						
SLOVENIA	255	301	298	115	118	119
SPAIN	389	276	282	167	121	124
SWEDEN	171	192	191	115	115	116
UNITED KINGDOM						
EUROPEAN UNION⁹⁷	220	187	189	148	122	124
Non-Member States of the European Union						
CANADA	297	176	181	161	93	96
CHINA	1257	514	535	196	143	142
JAPAN	228	128	134	233	147	151
NORWAY	206	179	181	110	92	93
SWITZERLAND						
USA	371	210	221	194	123	128

⁹⁷ Based on total of reporting countries.

Table 73: Intra EU imports in the light of different statistical sources (2000)

	External Trade Statistics (Comext)		Eurostat IO Tables⁹⁸	
Country	Total Import	Intra Import share	Total Import	Intra Import Share
	M EUR	%	m EUR	%
AUSTRIA	78,383	80.2	74,341	66.3
BELGIUM	192,195	70.8	166,506	71.9
BULGARIA	7,085	52.9		
CZECH REPUBLIC	34,619	75.2		
CYPRUS	3,390	58.6		
DENMARK	49,326	72.2	50,020	69.2
ESTONIA	4,617	70.5	4,658	
FINLAND	37,292	66.9	36,749	54.5
FRANCE	366,977	67.3	337,499	59.0
GERMANY	538,325	63.2	547,484	50.9
GREECE	36,249	64.9	40,181	
HUNGARY	34,833	66.1	35,327	
IRELAND	55,263	63.3	56,310	
ITALY	258,507	61.0	257,930	
LATVIA⁹⁹	3,466	74.3	3,047	
LITHUANIA	5,681	54.8	5,897	
LUXEMBOURG	12,211	83.9		
MALTA	3,696	60.6		
NETHERLANDS	236,322	53.3	215,082	53.7
POLAND			53,436	61.1
PORTUGAL	43,257	76.4	38,504	
ROMANIA	14,235	65.3	14,389	
SLOVAK REPUBLIC			20,183	
SLOVENIA	10,987	76.9	9,581	
SPAIN	169,059	67.7	172,950	
SWEDEN	78,908	68.4	79,112	
UNITED KINGDOM	376,849	51.8		
EUROPEAN UNION¹⁰⁰	2,651,732	63.3		57.4

Sources: External Trade Statistics (Comext); IO Tables

⁹⁸ Data without imports of services.

⁹⁹ Input Output Data for the year 1998.

¹⁰⁰ EU27.

Table 74: Intra and extra EU imports of EU Member States in 2000

Country	Total Import	Intra Import	Extra Import	Shares in Total	
				Intra	Extra
		in m EUR			%
AUSTRIA	78,383	62,832	15,550	80.2	19.8
BELGIUM	192,195	136,152	56,043	70.8	29.2
BULGARIA	7,085	3,748	3,337	52.9	47.1
CZECH REPUBLIC	34,619	26,022	8,597	75.2	24.8
CYPRUS	3,390	1,985	1,405	58.6	41.4
DENMARK	49,326	35,605	13,721	72.2	27.8
ESTONIA	4,617	3,257	1,360	70.5	29.5
FINLAND	37,292	24,963	12,329	66.9	33.1
FRANCE	366,977	246,951	120,026	67.3	32.7
GERMANY	538,325	340,141	198,185	63.2	36.8
GREECE	36,249	23,526	12,724	64.9	35.1
HUNGARY	34,833	23,027	11,806	66.1	33.9
IRELAND	55,263	35,006	20,257	63.3	36.7
ITALY	258,507	157,695	100,811	61.0	39.0
LATVIA	3,466	2,576	891	74.3	25.7
LITHUANIA	5,681	3,112	2,569	54.8	45.2
LUXEMBOURG	12,211	10,243	1,968	83.9	16.1
MALTA	3,696	2,241	1,455	60.6	39.4
NETHERLANDS	236,322	125,941	110,381	53.3	46.7
POLAND					
PORTUGAL	43,257	33,065	10,192	76.4	23.6
ROMANIA	14,235	9,294	4,941	65.3	34.7
SLOVAK REPUBLIC					
SLOVENIA	10,987	8,449	2,538	76.9	23.1
SPAIN	169,059	114,512	54,547	67.7	32.3
SWEDEN	78,908	53,957	24,952	68.4	31.6
UNITED KINGDOM	376,849	195,330	181,518	51.8	48.2
EUROPEAN UNION ¹⁰¹	2,651,732	1,679,632	972,100	63.3	36.7

Source: External Trade Statistics (Comext)

¹⁰¹ Sum of reporting countries.

Table 75: Extra EU imports by selected supplier in 2000

Country	Extra Import	Canada	China	Japan	Norway	Switzerland	USA	Total of selected countries
		Imports as Share of Total Extra EU Imports						
	m EUR	%						
AUSTRIA	15,550	3.1	5.4	7.7	0.5	2.7	20.6	59.8
BELGIUM	56,043	2.7	7.2	10.6	3.5	3.0	25.7	52.7
BULGARIA	3,337	0.5	2.2	2.0	0.2	2.7	6.2	13.8
CZECH REPUBLIC	8,597	0.9	9.2	12.3	0.3	3.0	14.6	40.4
CYPRUS	1,405	1.2	8.8	7.8	3.8	6.3	16.4	44.2
DENMARK	13,721	2.3	10.4	5.3	25.2	4.2	15.3	62.6
ESTONIA	1,360	0.5	12.0	20.5	4.6	2.7	7.5	47.9
FINLAND	12,329	1.2	7.6	11.2	11.6	3.7	14.6	49.9
FRANCE	120,026	1.7	6.8	7.1	5.9	8.5	22.2	52.2
GERMANY	198,185	1.4	8.6	11.9	5.1	10.1	19.7	56.9
GREECE	12,724	0.9	6.0	10.0	1.5	3.5	9.2	31.0
HUNGARY	11,806	0.7	8.7	15.7	0.4	3.8	11.3	40.6
IRELAND	20,257	2.5	3.7	10.8	5.0	1.8	44.0	67.7
ITALY	100,811	1.9	7.0	6.4	0.8	8.4	13.4	37.9
LATVIA (1998)	891	0.9	2.9	0.6	4.3	6.8	7.7	23.3
LITHUANIA	2,569	0.6	3.5	3.9	1.8	2.1	5.4	17.4
LUXEMBOURG	1,968	1.8	4.5	9.9	0.7	15.2	21.3	53.4
MALTA	1,455	0.8	4.2	5.0	0.6	3.9	27.0	41.5
NETHERLANDS	110,381	1.1	7.9	10.2	2.7	2.2	21.8	45.9
POLAND								
PORTUGAL	10,192	1.1	3.8	10.4	7.5	3.5	12.6	38.8
ROMANIA	4,941	1.2	3.8	3.8	0.6	3.2	8.7	21.3
SLOVAK REPUBLIC								
SLOVENIA	2,538	2.5	5.9	7.1	2.1	6.9	12.9	37.3
SPAIN	54,547	1.1	7.6	7.0	1.3	3.7	13.6	34.3
SWEDEN	24,952	1.1	7.5	11.0	25.2	3.9	22.3	70.8
UNITED KINGDOM	181,518	3.4	7.8	9.3	5.1	4.5	27.3	57.3
EUROPEAN UNION	972,100	1.9	7.5	9.3	4.8	6.3	20.9	50.9

Source: External Trade Statistics (Comext)

Table 76: Top 10 products imported by the public sector in 2005 (by country shares)

Products listed by shares of imports in total use at country level (%)					
Ranking	1	2	3	4	5
Country	Office machin. computers Code 30	Crude petrol. natural gas Code 11	Chemical products Code 24	Leather leather prod. Code 19	TV, commun. equipment Code 32
Member States of the European Union					
AUSTRIA	96.3	96.3	77.6	79.7	74.3
BELGIUM	91.8	100.0	58.0	84.1	66.4
BULGARIA					
CZECH REPUBLIC	97.1	96.6	80.4	96.5	97.2
CYPRUS					
DENMARK¹⁰²	86.7		90.6	96.1	81.0
ESTONIA	94.3	41.5	97.5	100.0	99.8
FINLAND	96.4	100.0	82.1	77.1	44.8
FRANCE	96.7	100.0	39.9	88.4	61.3
GERMANY	67.6	95.1	53.4	73.9	18.1
GREECE	92.4	99.5	76.7	61.9	73.4
HUNGARY	85.7	84.6	71.5	7.6	69.9
IRELAND	95.9		89.8	93.2	80.1
ITALY	37.6	90.6	19.5	0.1	15.3
LATVIA					
LITHUANIA	97.0	97.3	79.0	73.4	64.0
LUXEMBOURG					
MALTA					
NETHERLANDS	98.3	21.1	61.8	100.0	48.8
POLAND¹⁰³	46.3		57.7	25.6	78.3
PORTUGAL	99.7	100.0	67.1	40.5	74.1
ROMANIA	72.7	72.5	87.1	83.6	92.9
SLOVAK REPUBLIC	59.0	99.8	89.5	54.8	54.7
SLOVENIA	59.0	99.6	78.8	66.6	77.7
SPAIN	79.4	98.7	53.7	1.2	92.0
SWEDEN	97.6	98.9	77.5	100.0	
UNITED KINGDOM					
EUROPEAN UNION¹⁰⁴	83.2	88.5	70.9	66.9	68.2
Non-Member States of the European Union¹⁰⁵					
CANADA	94.3		62.0		77.3
CHINA	43.3		17.2		
JAPAN	8.9		14.1		12.7
NORWAY	100.0		73.3		91.8
SWITZERLAND					
USA	51.3		22.8		

¹⁰² Denmark and Poland do not publish figures on imports of crude oil and natural gas by the public sector.¹⁰³ Denmark and Poland do not publish figures on imports of crude oil and natural gas by the public sector.¹⁰⁴ Average over totalled shares of imports in total use by products at country level.¹⁰⁵ Two-Digit-Classification of OECD reports crude oil/natural gas and leather/leather products as part.

Products listed by shares of imports in total use at country level (%)					
Ranking	6	7	8	9	10
Country	Medical etc instruments	Motor vehicles	Coal and lignite; peats	Machinery equipment	Textiles
	Code 33	Code 34	Code 10	Code 29	Code 17
Member States of the European Union					
AUSTRIA	60.6	73.5	84.2	38.6	42.8
BELGIUM	76.0	37.1	100.0	52.7	40.7
BULGARIA					
CZECH REPUBLIC	71.5	60.5	8.3	89.6	73.2
CYPRUS					
DENMARK¹⁰⁶	64.9	89.4	100.0	36.3	67.8
ESTONIA	82.0	98.6	0.0	84.1	65.4
FINLAND	72.4	1.7	52.0	15.0	64.1
FRANCE	61.4	48.8	92.5	25.4	48.4
GERMANY	41.6	32.3	36.4	15.6	60.9
GREECE	81.7	94.0	6.3	84.7	59.8
HUNGARY	56.1	56.9	81.3	57.4	26.0
IRELAND	88.5	96.3	88.3	93.5	90.2
ITALY	10.7	7.0	100.0	13.1	0.4
LATVIA					
LITHUANIA	68.1	94.8	36.9	81.9	56.3
LUXEMBOURG					
MALTA					
NETHERLANDS	79.2	50.0	0.0	54.6	81.5
POLAND¹⁰⁷	16.6	15.1	4.8	38.0	14.2
PORTUGAL	85.9	93.5	100.0	69.9	41.9
ROMANIA	92.4	16.6	40.6	81.7	90.6
SLOVAK REPUBLIC	42.4	31.7	86.2	14.7	31.8
SLOVENIA	95.5	100.0	16.3	81.9	27.3
SPAIN	73.4	17.7	66.2	27.1	7.4
SWEDEN	54.6	48.6	65.5	48.0	90.0
UNITED KINGDOM					
EUROPEAN UNION¹⁰⁸	65.5	55.4	55.5	52.6	51.5
Non-Member States of the European Union¹⁰⁹					
CANADA	0.0	37.6	27.0	69.6	72.2
CHINA	94.6	10.8	3.1	16.2	9.8
JAPAN	41.7	0.8	97.2	1.8	44.4
NORWAY	77.1	56.0	2.8	30.8	82.4
SWITZERLAND					
USA		34.4	42.6	33.1	44.5

¹⁰⁶ Denmark and Poland do not publish figures on imports of crude oil and natural gas by the public sector.

¹⁰⁷ Denmark and Poland do not publish figures on imports of crude oil and natural gas by the public sector.

¹⁰⁸ Average of totalled shares of imports in total use by products at country level.

¹⁰⁹ Two-Digit-Classification of OECD reports crude oil/natural gas and leather/leather products as part

Table 77: Top 10 products imported by the public sector in 2005 (by EU shares)

Products listed by average shares of total imports by the public sector (%)					
Ranking	1	2	3	4	5
Country	Crude petroleum/ natural gas	Metal ores	Office machinery/ computers	Medical, precision and optical instruments	Textiles
	11	13	30	33	17
Member States of the European Union					
AUSTRIA	96.3		96.3	60.6	42.8
BELGIUM	100.0		91.8	76.0	40.7
BULGARIA					
CZECH REPUBLIC	96.6	100.0	97.1	71.5	73.2
CYPRUS					
DENMARK ¹¹⁰			86.7	64.9	67.8
ESTONIA	41.5		94.3	82.0	65.4
FINLAND	100.0		96.4	72.4	64.1
FRANCE	100.0		96.7	61.4	48.4
GERMANY	95.1		67.6	41.6	60.9
GREECE	99.5		92.4	81.7	59.8
HUNGARY	84.6	8.5	85.7	56.1	26.0
IRELAND			95.9	88.5	90.2
ITALY	90.6	99.6	37.6	10.7	0.4
LUXEMBOURG					
MALTA					
LATVIA					
LITHUANIA	97.3		97.0	68.1	56.3
NETHERLANDS	21.1		98.3	79.2	81.5
POLAND ¹¹¹		82.2	46.3	16.6	14.2
PORTUGAL	100.0		99.7	85.9	41.9
ROMANIA	72.5	32.4	72.7	92.4	90.6
SLOVAK REPUBLIC	99.8		59.0	42.4	31.8
SLOVENIA	99.6	100.0	59.0	95.5	27.3
SPAIN	98.7	100.0	79.4	73.4	7.4
SWEDEN	98.9	29.1	97.6	54.6	90.0
UNITED KINGDOM					
EUROPEAN UNION ¹¹²	81.1	81.0	76.8	54.5	53.8
Non-Member States of the European Union ¹¹³					
CANADA			94.3		72.2
CHINA			43.3	94.6	9.8
JAPAN			8.9	41.7	44.4
NORWAY			100.0	77.1	82.4
SWITZERLAND					
USA			51.3		44.5

¹¹⁰ Denmark and Poland do not publish imports of crude oil and natural gas by the public sector.¹¹¹ Denmark and Poland do not publish imports of crude oil and natural gas by the public sector.¹¹² Average over total imports and total use by product groups in all EU Member Countries.¹¹³ Two-Digit-Classification of OECD reports mining products as part of other products.

Products listed by average shares of total imports by the public sector (%)					
Ranking	6	7	8	9	10
Country	Other mining and quarrying products	Chemicals, chemical products and man-made fibres	Radio/TV/communication equipment	Coal/lignite/peat	Coke, refined petroleum products and nuclear fuels
	14	24	32	10	23
Member States of the European Union					
AUSTRIA	5.0	77.6	74.3	84.2	69.3
BELGIUM	26.0	58.0	66.4	100.0	26.0
BULGARIA					
CZECH REPUBLIC	19.2	80.4	97.2	8.3	34.5
CYPRUS					
DENMARK¹¹⁴	42.2	90.6	81.0	100.0	67.3
ESTONIA	19.9	97.5	99.8		61.8
FINLAND	13.5	82.1	44.8	52.0	60.9
FRANCE	11.8	39.9	61.3	92.5	38.8
GERMANY	15.7	53.4	18.1	36.4	32.5
GREECE	14.7	76.7	73.4	6.3	24.5
HUNGARY	1.0	71.5	69.9	81.3	38.4
IRELAND	17.5	89.8	80.1	88.3	70.3
ITALY	20.1	19.5	15.3	100.0	49.3
LUXEMBOURG					
MALTA					
LATVIA					
LITHUANIA	54.7	79.0	64.0	36.9	
NETHERLANDS	96.5	61.8	48.8		35.4
POLAND¹¹⁵		57.7	78.3	4.8	5.9
PORTUGAL	9.8	67.1	74.1	100.0	44.8
ROMANIA	28.9	87.1	92.9	40.6	56.4
SLOVAK REPUBLIC	4.0	89.5	54.7	86.2	68.0
SLOVENIA	11.7	78.8	77.7	16.3	99.5
SPAIN	0.9	53.7	92.0	66.2	40.0
SWEDEN		77.5		65.5	72.0
UNITED KINGDOM					
EUROPEAN UNION¹¹⁶	51.8	50.3	49.2	47.2	41.8
Non-Member States of the European Union¹¹⁷					
CANADA		62.0	77.3	27.0	15.7
CHINA		17.2	0.0	3.1	9.3
JAPAN		14.1	12.7	97.2	14.2
NORWAY		73.3	91.8	2.8	
SWITZERLAND					
USA		22.8		42.6	13.4

¹¹⁴ Denmark and Poland do not publish figure on imports of crude oil and natural gas by the public sector.

¹¹⁵ Denmark and Poland do not publish figure on imports of crude oil and natural gas by the public sector.

¹¹⁶ Average over total imports and total use by product groups in all EU Member Countries.

¹¹⁷ Two-Digit-Classification of OECD reports mining products as part of other products.

Table 78: Top 10 products imported by the public sector in 2000 (by country shares)

Products listed by shares of imports in total use at country level (%)					
Ranking	1	2	3	4	5
Country	Office machin. computers Code 30	Crude petrol. natural gas Code 11	Chemical products Code 24	Leather products Code 19	TV, commun. equipment Code 32
Member States of the European Union					
AUSTRIA	96.2	74.2	88.1	61.7	87.4
BELGIUM	89.4	100.0	50.3	61.0	68.6
BULGARIA					
CZECH REPUBLIC					
CYPRUS					
DENMARK ¹¹⁸	74.3	0.0	76.4	67.6	84.1
ESTONIA	96.5	42.7	92.0	88.3	98.9
FINLAND	86.9	100.0	76.2	78.9	64.9
FRANCE	84.0	98.9	34.0	64.5	62.3
GERMANY	50.3	94.2	40.5	55.6	6.9
GREECE	98.6	99.2	72.1	54.7	72.8
HUNGARY	9.0	85.4	60.8	3.8	49.5
IRELAND	99.9		93.5	71.3	98.5
ITALY	26.7	94.0	14.6	0.2	53.9
LATVIA (1998)	87.2	100.0	96.4	18.1	93.1
LITHUANIA	97.0	97.7	81.3	38.2	78.0
LUXEMBOURG					
MALTA					
NETHERLANDS	79.7	13.2	72.6	91.1	77.5
POLAND ¹¹⁹	62.8	0.0	10.7	1.7	61.2
PORTUGAL	58.3	100.0	55.0	0.0	81.4
ROMANIA	81.6	61.4	80.9	93.9	30.0
SLOVAK REPUBLIC	81.7	7.5	25.2	0.1	57.6
SLOVENIA	52.3	99.9	64.8	28.9	37.9
SPAIN	70.6	99.0	34.7	0.5	81.4
SWEDEN	97.1	100.0	62.5	94.0	
UNITED KINGDOM					
EUROPEAN UNION ¹²⁰	75.2	73.4	61.1	46.4	67.3
Non-Member States of the European Union ¹²¹					
CANADA	97.9		61.5		90.6
CHINA	47.1		6.3		25.8
JAPAN			7.3		2.6
NORWAY	99.7		82.4		71.4
SWITZERLAND			41.9		46.4
USA	41.6		20.2		

¹¹⁸ Denmark and Poland do not publish figure on imports of crude oil and natural gas by the public sector.¹¹⁹ Denmark and Poland do not publish figure on imports of crude oil and natural gas by the public sector.¹²⁰ Average over summed up shares of imports in total use by products at country level.¹²¹ Two-Digit-Classification of OECD reports crude oil/natural gas and leather/leather products as part of other groups

Products listed by shares of imports in total use at country level (%)					
Ranking	6	7	8	9	10
Country	Medical etc instruments	Motor vehicles	Coal and lignite; peats	Machinery equipment	Textiles
	Code 33	Code 34	Code 10	Code 29	Code 17
Member States of the European Union					
AUSTRIA	79.3	92.7	56.0	52.4	45.8
BELGIUM	86.4	31.8	98.9	49.0	32.4
BULGARIA					
CZECH REPUBLIC					
CYPRUS					
DENMARK¹²²	61.8	85.7	100.0	37.5	77.0
ESTONIA	91.2	89.9		84.6	49.0
FINLAND	13.6	6.2	58.7	9.3	68.5
FRANCE	51.5	40.3	81.7	26.6	42.8
GERMANY	30.1	30.2	16.9	12.7	67.0
GREECE	90.3	93.0	-29.7	90.4	58.3
HUNGARY	65.0	38.0		25.8	2.1
IRELAND	85.6	90.1		97.0	79.7
ITALY	18.4	1.0	98.5	5.4	0.6
LATVIA (1998)	70.7	83.2	47.4	83.5	25.1
LITHUANIA	31.6	90.3	30.4	81.9	74.0
LUXEMBOURG					
MALTA					
NETHERLANDS	84.2	56.9		51.0	85.0
POLAND¹²³	17.2	21.9	2.3	32.6	3.3
PORTUGAL	69.7	63.8	100.0	65.4	7.9
ROMANIA	68.1	3.5	25.3	42.0	99.2
SLOVAK REPUBLIC	38.5	61.1	85.7	8.0	75.7
SLOVENIA	100.0	51.1	10.4	43.6	5.3
SPAIN	86.8	0.0	42.7	46.3	10.9
SWEDEN	67.3	51.5	50.6	38.2	76.8
UNITED KINGDOM					
EUROPEAN UNION¹²⁴	62.2	51.5	51.5	46.8	47.0
Non-Member States of the European Union¹²⁵					
CANADA	78.3	4.6	28.2	76.3	79.3
CHINA	43.8	0.0	1.9	14.8	4.6
JAPAN	47.3	0.0	96.8	3.9	8.1
NORWAY	70.4	33.0	1.9	40.5	81.8
SWITZERLAND	19.8	88.4	72.9	27.6	59.9
USA		32.3	36.5	28.1	35.7

¹²² Denmark and Poland do not publish figures on imports of crude oil and natural gas by the public sector.

¹²³ Denmark and Poland do not publish figures on imports of crude oil and natural gas by the public sector.

¹²⁴ Average over summed up shares of imports in total use by products at country level.

¹²⁵ Two-Digit-Classification of OECD reports crude oil/natural gas and leather/leather products as part of other groups.

Table 79: Top 10 products imported by the public sector in 2000 (by import volumes)

Products listed by average shares of total imports by the public sector (%)					
Ranking	1	2	3	4	5
Country	Chemicals, chemical products	Crude petroleum and natural gas; services	Medical, precision and optical instruments	Electrical energy, gas, steam and hot water	Coke, refined petroleum products and nuclear fuels
	24	11	33	40	23
Member States of the European Union					
AUSTRIA	1,334.2	814.0	350.6	121.6	242.5
BELGIUM	1,394.0	22.6	416.3	112.4	155.5
BULGARIA					
CZECH REPUBLIC					
CYPRUS					
DENMARK ¹²⁶	555.6		149.0	56.9	105.9
ESTONIA	46.8	56.2	19.0	17.3	11.3
FINLAND	519.9	258.6	13.0	117.0	37.0
FRANCE	5,313.1	4,016.4	2,094.2	849.0	253.5
GERMANY	5,736.0	2,102.5	2,425.0	1,467.5	2,348.5
GREECE	428.5	281.2	385.5	73.2	36.3
HUNGARY	442.7	1,025.7	102.7	102.0	27.3
IRELAND	525.1		167.1		319.5
ITALY	1,681.0	7,624.3	257.6	1,815.9	534.7
LATVIA	40.9	47.0	6.8	28.6	10.8
LITHUANIA	90.8	131.2	6.1		18.0
LUXEMBOURG					
MALTA					
NETHERLANDS	1,601.0	603.0	798.0	96.0	717.5
POLAND ¹²⁷	196.1		28.2	3.5	114.4
PORTUGAL	755.4	173.6	88.8	127.6	59.7
ROMANIA	265.2	560.6	86.3	32.1	15.0
SLOVAK REPUBLIC	156.2		23.8	52.4	19.2
SLOVENIA	180.2	33.7	47.0	46.2	11.5
SPAIN	2,557.0	2,615.0	1,436.4	1,065.0	401.8
SWEDEN	1,159.5	128.1	771.8	287.7	237.9
UNITED KINGDOM					
EUROPEAN UNION ¹²⁸	24,979.2	20,493.8	9,673.0	6,472.0	5,677.8
Non-Member States of the European Union¹²⁹					
CANADA	2,162.2		1,410.6	22.9	542.9
CHINA	847.6		718.2	2.5	741.3
JAPAN	4,069.2		1,358.9	13.1	1,303.4
NORWAY	580.6		207.8	2.6	30.6
SWITZERLAND	587.1		203.4	529.4	
USA	12,218.2			502.4	4,443.3

¹²⁶ Denmark and Poland do not publish figures on imports of crude oil and natural gas by the public sector.¹²⁷ Denmark and Poland do not publish figures on imports of crude oil and natural gas by the public sector.¹²⁸ EU27; average over summed up shares of imports in total use by products at country level.¹²⁹ Two-Digit-Classification of OECD reports crude oil/natural gas and leather/leather products as part of other groups.

Products listed by average shares of total imports by the public sector (%)					
Ranking	6	7	8	9	10
Country	Other business services	Post and telecommunication services	Coal and lignite; peat	Machinery and equipment n.e.c.	Other transport equipment
	74	64	10	29	35
Member States of the European Union					
AUSTRIA	179.2	125.5	15.2	286.4	361.3
BELGIUM	73.3	338.7	19.4	154.5	810.1
BULGARIA					
CZECH REPUBLIC					
CYPRUS					
DENMARK ¹³⁰	59.4	116.2	4.6	160.9	4.7
ESTONIA	8.2	9.2	8.3	7.5	2.1
FINLAND	22.4	321.7	20.7	228.8	8.4
FRANCE	764.8	1,487.3	1,000.7	710.3	46.4
GERMANY	399.5	1,224.5	1,170.0	105.5	192.0
GREECE	2,480.8	23.3	197.6	38.9	0.7
HUNGARY	24.8	35.6	2.1	55.5	19.6
IRELAND	68.2	103.6	28.8	169.9	2.0
ITALY	102.3	810.8	578.6	328.3	1,323.8
LATVIA	9.2	3.6	0.1	3.3	2.8
LITHUANIA	17.6	6.3	0.1	6.7	1.0
LUXEMBOURG					
MALTA					
NETHERLANDS	340.5	530.0	211.0	603.5	465.0
POLAND ¹³¹	73.6	35.0	0.4	271.5	17.6
PORTUGAL	42.4	70.9	14.4	50.9	120.9
ROMANIA	14.1	8.7	0.3	12.6	20.4
SLOVAK REPUBLIC	9.3	39.8		10.2	8.6
SLOVENIA	25.9	14.1	9.3	1.8	0.7
SPAIN	748.6	140.8	208.6	330.7	21.9
SWEDEN	199.5		623.7		26.1
UNITED KINGDOM					
EUROPEAN UNION ¹³²	5,664	5,446	4,114	3,538	3,456
Non-Member States of the European Union ¹³³					
CANADA	730.4	150.1	675.2	675.2	608.5
CHINA		30.1	301.7	301.7	0.1
JAPAN	1,512.5	477.3	16,013.2	16,013.2	17.0
NORWAY	409.0	28.4	0.5	0.5	193.8
SWITZERLAND	10.5	312.3	481.8	481.8	8.8
USA	199.3		29,344.2	29,344.2	7,919.6

¹³⁰ Denmark and Poland do not publish figures on imports of crude oil and natural gas by the public sector.

¹³¹ Denmark and Poland do not publish figures on imports of crude oil and natural gas by the public sector.

¹³² EU27; sum of reporting EU Member countries.

¹³³ Two-Digit-Classification of OECD reports crude oil/natural gas as part of other groups.

Table 80: Top 10 products imported by the public sector in 2000 (by EU shares)

Products listed by average shares of total imports by the public sector (%)					
Ranking	1	2	3	4	5
Country	Crude petroleum and natural gas; services incidental to oil and gas extraction excluding surveying	Metal ores	Office machinery and computers	Other mining and quarrying products	Radio, television and communication equipment and apparatus
	11	13	30	14	32
Member States of the European Union					
AUSTRIA	74.2		96.2	2.6	87.4
BELGIUM	100.0		89.4	22.8	68.6
BULGARIA					
CZECH REPUBLIC					
CYPRUS					
DENMARK ¹³⁴			74.3	86.7	84.1
ESTONIA	42.7		96.5	34.4	98.9
FINLAND	100.0		86.9	0.6	64.9
FRANCE	98.9	99.7	84.0	13.8	62.3
GERMANY	94.2		50.3	13.1	6.9
GREECE	99.2	22.3	98.6	11.3	72.8
HUNGARY	85.4		9.0	32.8	49.5
IRELAND		52.0	99.9	20.3	98.5
ITALY	94.0	96.3	26.7	85.8	53.9
LUXEMBOURG	100.0		87.2	38.1	93.1
MALTA	97.7		97.0	82.6	78.0
LATVIA					
LITHUANIA					
NETHERLANDS	13.2		79.7	95.7	77.5
POLAND ¹³⁵		71.1	62.8		61.2
PORTUGAL	100.0		58.3		81.4
ROMANIA	61.4	48.7	81.6	18.1	30.0
SLOVAK REPUBLIC	7.5	0.9	81.7	1.8	57.6
SLOVENIA	99.9	67.1	52.3	18.5	37.9
SPAIN	99.0	83.3	70.6		81.4
SWEDEN	100.0	34.0	97.1		
UNITED KINGDOM					
EUROPEAN UNION ¹³⁶	76.9	66.4	63.0	56.9	54.5
Non-Member States of the European Union¹³⁷					
CANADA			97.9		90.6
CHINA			47.1		25.8
JAPAN					2.6
NORWAY			99.7		71.4
SWITZERLAND					46.4
USA			41.6		

¹³⁴ Denmark and Poland do not publish figures on imports of crude oil and natural gas by the public sector.¹³⁵ Denmark and Poland do not publish figures on imports of crude oil and natural gas by the public sector.¹³⁶ EU27; average over total imports and total use by product groups in all EU Member Countries.¹³⁷ Two-Digit-Classification of OECD reports mining products as part of other products.

Products listed by average shares of total imports by the public sector (%)					
Ranking	6	7	8	9	10
Country	Textiles	Medical, precision and optical instruments, watches and clocks	Other transport equipment	Coke, refined petroleum products and nuclear fuels	Fish and other fishing products; services incidental of fishing
	17	33	35	23	05
Member States of the European Union					
AUSTRIA	45.8	96.2	33.3	37.4	
BELGIUM	32.4	89.4	15.6	16.7	
BULGARIA					
CZECH REPUBLIC					
CYPRUS					
DENMARK ¹³⁸	77.0	74.3	16.6	49.8	56.1
ESTONIA	49.0	96.5	88.3	66.8	33.5
FINLAND	68.5	86.9	43.3	48.6	
FRANCE	42.8	84.0	28.8	23.0	38.7
GERMANY	67.0	50.3	48.9	48.0	52.4
GREECE	58.3	98.6	80.4	20.0	12.7
HUNGARY	2.1	9.0	56.9	32.3	51.6
IRELAND	79.7	99.9	96.6		1.8
ITALY	0.6	26.7	33.5	57.0	0.1
LUXEMBOURG	25.1	87.2	32.7	99.8	0.2
MALTA	74.0	97.0	0.4		38.1
LATVIA					
LITHUANIA					
NETHERLANDS	85.0	79.7	51.2	23.7	53.8
POLAND ¹³⁹	3.3	62.8	3.4	1.8	0.0
PORTUGAL	7.9	58.3	63.6	32.1	24.5
ROMANIA	99.2	81.6	51.4	27.3	1.8
SLOVAK REPUBLIC	75.7	81.7	0.6	27.7	89.7
SLOVENIA	5.3	52.3	45.3	98.0	48.7
SPAIN	10.9	70.6	35.9	39.1	32.9
SWEDEN	76.8	97.1	79.9	62.7	64.7
UNITED KINGDOM					
EUROPEAN UNION ¹⁴⁰	54.1	48.7	41.2	39.1	38.9
Non-Member States of the European Union¹⁴¹					
CANADA	373.8	78.3	66.8	30.7	
CHINA	87.3	43.8	0.0	5.5	
JAPAN	368.3	47.3	0.3	13.7	
NORWAY	202.2	70.4	80.9	21.7	
SWITZERLAND	135.9	19.8	43.8		
USA	2,854.9		29.5	10.5	

¹³⁸ Denmark and Poland do not publish figures on imports of crude oil and natural gas by the public sector.

¹³⁹ Denmark and Poland do not publish figures on imports of crude oil and natural gas by the public sector.

¹⁴⁰ EU27; average over total imports and total use by product groups in all EU Member States.

¹⁴¹ Two-Digit-Classification of OECD reports mining products as part of other products.

7.2 Direct cross-border procurement and indirect cross-border procurement through affiliates

Table 81: Cross-border procurement by Member State (no. of awards and by share of direct and indirect)

Member State		Number of awards			Direct cross-border			Indirect cross-border through affiliates		
		2007	2008	2009	2007	2008	2009	2007	2008	2009
AT	Austria	2,327	3,064	3,336	6.6%	5.0%	6.5%	16.2%	22.3%	16.1%
BE	Belgium	2,597	4,237	5,753	2.8%	7.2%	4.5%	32.0%	25.8%	19.1%
BG	Bulgaria	2,400	3,931	4,166	4.0%	0.6%	0.1%	2.5%	5.3%	4.3%
CY	Cyprus	577	726	841	5.3%	4.9%	12.9%	1.6%	1.8%	0.0%
CZ	Czech Republic	2,977	4,731	6,070	0.5%	3.6%	1.1%	25.0%	16.9%	18.1%
DE	Germany	18,155	18,485	24,402	0.4%	2.7%	1.4%	9.4%	8.3%	7.1%
DK	Denmark	3,036	3,004	3,402	3.1%	7.0%	2.0%	17.7%	10.4%	10.7%
EE	Estonia	658	927	812	5.2%	9.3%	7.6%	3.9%	1.2%	1.8%
ES	Spain	12,039	11,079	13,120	1.0%	0.3%	1.5%	20.8%	26.2%	28.2%
FI	Finland	3,092	3,445	3,775	1.3%	2.0%	2.4%	13.3%	19.9%	12.6%
FR	France	71,833	83,203	108,631	1.2%	0.8%	0.8%	15.6%	14.6%	14.3%
GR	Greece	2,968	4,194	2,235	1.8%	2.1%	2.8%	0.1%	2.1%	0.9%
HU	Hungary	4,009	5,397	6,128	2.2%	1.5%	1.6%	13.7%	9.7%	8.7%
IE	Ireland	2,044	2,031	2,329	13.6%	19.1%	13.8%	9.1%	6.7%	10.8%
IT	Italy	11,976	14,170	15,960	1.4%	1.2%	1.1%	26.1%	26.8%	32.0%
LT	Lithuania	4,519	4,128	4,154	2.8%	3.8%	0.8%	0.1%	0.0%	9.8%
LU	Luxembourg	305	455	425	18.1%	18.8%	12.1%	6.7%	3.8%	8.5%
LV	Latvia	3,352	3,903	3,504	4.2%	3.4%	0.4%	0.3%	0.5%	0.5%
MT	Malta	102	107	52	11.3%	13.0%	20.3%	0.0%	1.1%	0.0%
NL	Netherlands	4,088	4,289	4,369	5.3%	1.7%	1.9%	4.9%	13.6%	10.7%
PL	Poland	57,769	66,930	84,143	0.7%	0.7%	1.0%	2.2%	1.7%	1.4%
PT	Portugal	1,149	1,020	1,214	0.3%	3.6%	4.2%	9.9%	17.4%	14.5%
RO	Romania	6,613	14,392	14,316	2.0%	2.7%	1.3%	7.0%	5.8%	7.3%
SE	Sweden	6,156	6,534	4,937	2.0%	4.3%	2.8%	17.3%	21.9%	26.8%

Member State		Number of awards			Direct cross-border			Indirect cross-border through affiliates		
		2007	2008	2009	2007	2008	2009	2007	2008	2009
SI	Slovenia	4,005	6,990	6,376	1.5%	1.2%	2.0%	1.2%	1.5%	1.4%
SK	Slovakia	1,106	2,092	1,711	3.6%	4.0%	4.3%	17.6%	7.4%	9.6%
UK	United Kingdom	17,876	20,243	24,808	2.0%	1.8%	0.8%	17.2%	15.8%	16.5%
IS	Iceland	95	92	38	7.8%	4.0%	4.9%	0.0%	0.0%	0.0%
LI	Liechtenstein	56	37	72	0.0%	0.0%	48.5%	33.3%	0.0%	0.0%
NO	Norway	2,384	2,410	3,447	7.0%	1.6%	5.2%	24.9%	20.5%	22.8%
Total		250,263	296,244	354,528	1.6%	1.8%	1.4%	11.7%	11.2%	11.4%

Table 82: Cross-border procurement by Member State (contract values)

Member State		Values (m EUR)			Direct cross-border			Indirect cross-border through affiliates		
		2007	2008	2009	2007	2008	2009	2007	2008	2009
AT	Austria	2,350.8	2,139.6	2,323.7	16.7%	10.3%	6.7%	9.9%	11.4%	15.1%
BE	Belgium	3,316.8	4,281.7	5,512.5	6.1%	3.5%	11.4%	37.3%	40.9%	20.9%
BG	Bulgaria	699.5	2,203.2	1,905.1	6.4%	19.1%	10.5%	0.8%	4.4%	3.0%
CY	Cyprus	303.5	548.7	874.4	18.4%	30.3%	21.8%	1.7%	1.0%	0.0%
CZ	Czech Republic	4,482.9	7,474.7	7,506.1	5.2%	1.6%	1.3%	32.2%	24.9%	21.0%
DE	Germany	11,343.4	10,154.1	13,311.1	1.6%	1.9%	1.7%	3.7%	22.4%	3.9%
DK	Denmark	2,043.3	2,781.1	2,845.4	8.9%	3.2%	8.7%	11.4%	2.4%	15.4%
EE	Estonia	775.8	1,141.3	1,486.5	9.2%	7.5%	6.9%	1.7%	0.7%	0.9%
ES	Spain	27,908.4	27,269.8	25,829.5	1.4%	1.0%	0.2%	9.3%	7.7%	11.8%
FI	Finland	1,094.5	1,304.9	1,703.6	4.9%	1.2%	2.5%	28.2%	13.8%	25.7%
FR	France	26,599.4	31,825.4	34,980.5	1.6%	1.6%	1.3%	16.8%	19.6%	21.2%
GR	Greece	3,377.8	3,509.9	2,330.4	8.0%	3.5%	5.4%	0.3%	2.9%	0.0%
HU	Hungary	3,010.4	3,684.7	5,427.9	11.0%	6.2%	2.7%	7.9%	8.0%	22.9%
IE	Ireland	1,114.1	830.5	491.0	10.8%	8.3%	5.0%	0.1%	1.0%	3.5%
IT	Italy	18,558.8	21,127.7	22,871.0	2.8%	1.3%	0.9%	12.1%	18.8%	27.7%
LT	Lithuania	1,299.7	1,479.4	12,987.6	7.7%	15.2%	0.4%	1.6%	0.0%	0.1%
LU	Luxembourg	277.4	464.7	397.9	11.0%	29.0%	5.4%	1.8%	0.6%	0.9%
LV	Latvia	1,894.3	1,770.0	1,447.2	12.4%	13.3%	14.3%	0.5%	2.0%	0.8%
MT	Malta	57.2	63.5	222.7	14.2%	12.0%	90.5%	0.0%	0.0%	0.0%
NL	Netherlands	4,288.0	3,876.6	4,216.1	1.0%	1.1%	3.3%	4.1%	16.4%	8.8%
PL	Poland	15,299.8	19,718.6	20,732.1	2.5%	4.1%	4.8%	5.2%	5.9%	2.0%
PT	Portugal	1,643.2	1,833.8	2,928.0	1.7%	14.9%	5.4%	7.6%	15.7%	4.8%
RO	Romania	3,294.1	7,795.4	7,038.4	15.7%	8.7%	8.8%	22.1%	1.8%	1.9%

Member State		Values (m EUR)			Direct cross-border			Indirect cross-border through affiliates		
		2007	2008	2009	2007	2008	2009	2007	2008	2009
SE	Sweden	3,455.1	2,922.2	2,112.1	4.4%	8.4%	8.1%	31.3%	36.2%	62.5%
SI	Slovenia	1,202.4	1,231.0	1,227.3	1.7%	4.9%	5.2%	0.0%	0.5%	1.6%
SK	Slovakia	1,326.6	2,951.9	2,902.3	11.2%	5.4%	21.0%	18.3%	13.5%	16.1%
UK	United Kingdom	14,263.8	13,602.1	18,660.3	1.9%	5.7%	1.9%	21.6%	10.9%	12.0%
IS	Iceland	147.6	103.8	27.6	29.5%	0.7%	74.9%	0.0%	0.0%	0.0%
LI	Liechtenstein	23.2	7.7	25.5	19.4%	31.0%	17.8%	12.6%	0.0%	0.0%
NO	Norway	1,597.8	1,188.8	1,919.8	12.0%	1.8%	5.5%	12.4%	29.4%	0.6%
Total		157,049.7	179,286.7	206,243.5	3.6%	3.7%	3.2%	13.5%	14.8%	15.7%

Table 83: SMEs' share of direct cross-border procurement (no. of awards and by size of company)

	Number of direct cross-border awards ¹⁴²	Share of company size classes			
		Micro	Small	Medium-sized	Large
AT	526	10%	8%	16%	66%
BE	636	5%	25%	15%	54%
BG	123	10%	3%	5%	82%
CY	169	27%	28%	21%	23%
CZ	251	25%	7%	29%	40%
DE	899	0%	5%	33%	62%
DK	372	23%	3%	23%	51%
EE	182	0%	12%	11%	77%
ES	352	0%	5%	42%	54%
FI	202	37%	1%	5%	57%
FR	2,343	25%	14%	25%	37%
GR	204	16%	4%	21%	58%
HU	268	10%	14%	6%	70%
IE	956	11%	11%	18%	61%
IT	528	10%	2%	16%	71%
LT	301	11%	15%	26%	48%
LU	192	16%	27%	21%	36%
LV	284	8%	10%	9%	74%
MT	35	3%	15%	15%	67%
NL	371	9%	15%	25%	51%
PL	1,698	46%	0%	1%	52%
PT	90	5%	1%	5%	88%
RO	699	10%	14%	28%	49%
SE	539	18%	19%	17%	46%
SI	274	11%	5%	1%	83%
SK	197	6%	16%	14%	65%
UK	920	0%	31%	20%	49%
IS	13	0%	14%	43%	43%
LI	35	0%	67%	0%	33%
NO	380	14%	19%	33%	34%
Total	14,038	17%	12%	19%	53%

¹⁴² Only awards where the size of the successful bidder could be determined are included.

Table 84: Classical and Utilities Directives by Member State (no. of awards)

	Number of awards		Direct cross-border		Indirect cross-border through affiliates	
Country	Classical Directive	Utilities Directive	Classical Directive	Utilities Directive	Classical Directive	Utilities Directive
AT	7,620	1,107	4%	17%	18%	20%
BE	10,553	2,034	5%	6%	23%	30%
BG	9,654	843	1%	4%	5%	1%
CY	2,067	77	6%	53%	1%	0%
CZ	12,785	993	2%	6%	19%	19%
DE	57,775	3,267	1%	4%	8%	11%
DK	8,671	771	4%	7%	13%	11%
EE	2,045	352	7%	13%	2%	0%
ES	31,573	4,665	1%	2%	26%	19%
FI	9,664	648	2%	8%	15%	19%
FR	256,503	7,164	1%	2%	15%	7%
GR	8,440	957	1%	11%	1%	0%
HU	12,945	2,589	2%	2%	11%	7%
IE	5,730	674	14%	29%	9%	12%
IT	37,030	5,076	1%	4%	30%	20%
LT	11,633	1,169	2%	11%	3%	1%
LU	1,032	153	15%	22%	6%	9%
LV	10,006	753	2%	9%	0%	6%
MT	202	59	5%	44%	0%	2%
NL	12,194	552	2%	12%	10%	16%
PL	194,378	14,464	1%	1%	1%	6%
PT	3,059	324	2%	13%	14%	8%
RO	32,173	3,148	2%	5%	7%	5%
SE	16,100	1,527	3%	5%	21%	24%
SI	16,746	625	1%	7%	1%	0%
SK	4,059	850	2%	11%	9%	16%
UK	61,006	1,921	1%	3%	16%	20%
IS	194	31	0%	42%	0%	0%
LI	165	0	21%		11%	
NO	7,997	244	5%	7%	23%	24%
Total	843,999	57,037	1%	4%	11%	11%

Table 85: Classical and Utilities Directives by Member State (contract values)

	Values (m EUR)		Direct cross-border		Indirect cross-border through affiliates	
Country	Classical Directive	Utilities Directive	Classical Directive	Utilities Directive	Classical Directive	Utilities Directive
AT	5,042.5	1,771.6	8%	22%	12%	15%
BE	9,217.3	3,893.6	8%	6%	23%	46%
BG	3,891.0	916.8	12%	23%	4%	1%
CY	1,485.3	241.2	17%	68%	1%	0%
CZ	15,329.4	4,134.3	2%	5%	26%	23%
DE	31,925.9	2,882.7	2%	3%	10%	4%
DK	6,215.8	1,454.0	7%	7%	11%	11%
EE	2,669.4	734.2	5%	17%	1%	0%
ES	63,362.3	17,645.5	1%	2%	7%	19%
FI	3,313.4	789.6	3%	2%	18%	51%
FR	86,719.8	6,685.5	1%	4%	21%	3%
GR	5,515.1	3,703.0	3%	9%	2%	0%
HU	8,687.5	3,435.6	4%	10%	6%	26%
IE	2,383.4	52.2	9%	6%	0%	0%
IT	49,447.9	13,109.6	1%	4%	20%	22%
LT	14,749.0	1,017.8	1%	27%	0%	3%
LU	1,105.6	34.4	15%	61%	1%	0%
LV	3,766.7	1,344.7	6%	34%	0%	5%
MT	116.8	226.6	16%	88%	0%	0%
NL	12,008.4	372.2	1%	16%	11%	19%
PL	43,895.1	11,855.4	4%	4%	4%	4%
PT	4,591.2	1,813.7	2%	20%	12%	4%
RO	12,249.8	5,878.0	9%	12%	6%	5%
SE	5,892.0	2,597.5	4%	12%	44%	44%
SI	3,281.7	379.0	3%	12%	1%	0%
SK	4,433.4	2,747.5	10%	18%	14%	20%
UK	43,036.6	3,489.6	3%	2%	12%	32%
IS	81.8	197.2	46%	14%	0%	0%
LI	56.4	-	20%	0%	9%	0%
NO	4,311.9	394.5	5%	29%	12%	2%
Total	448,782.4	93,797.4	3%	7%	13%	16%

Table 86: Contract types by Member State (no. of awards)

	Number of awards					Direct cross-border					Indirect cross-border through affiliates				
	Services IIA	Services IIB	Services not specified	Supplies	Works	Services IIA	Services IIB	Services not specified	Supplies	Works	Services IIA	Services IIB	Services not specified	Supplies	Works
AT	1,661	698	76	2,835	3,457	4%	4%	0%	11%	3%	23%	9%	0%	31%	8%
BE	4,491	993	251	5,019	1,833	4%	5%	5%	7%	3%	23%	15%	19%	30%	16%
BG	1,446	1,250	43	7,303	455	1%	0%	0%	1%	2%	5%	0%	0%	5%	0%
CY	234	36	0	1,801	73	26%	25%	0%	5%	18%	10%	0%	0%	0%	0%
CZ	3,625	4,310	8	5,122	713	2%	1%	0%	3%	1%	35%	2%	0%	22%	25%
DE	14,139	3,072	729	20,745	22,357	0%	2%	2%	3%	1%	6%	4%	9%	15%	4%
DK	4,291	388	245	3,584	934	2%	2%	0%	8%	1%	19%	1%	8%	8%	8%
EE	662	436	0	1,090	209	6%	1%	0%	12%	2%	8%	0%	0%	0%	0%
ES	9,777	2,472	2,545	18,786	2,658	1%	0%	1%	1%	0%	14%	5%	16%	38%	5%
FI	2,957	1,211	1,127	4,130	887	1%	0%	0%	4%	1%	18%	8%	16%	16%	12%
FR	68,610	26,124	2,981	118,297	47,655	1%	1%	1%	1%	0%	8%	7%	7%	26%	3%
GR	1,760	839	299	5,954	545	1%	1%	0%	3%	2%	5%	1%	7%	0%	1%
HU	4,625	1,416	0	7,115	2,378	1%	1%	0%	2%	2%	15%	1%	0%	11%	3%
IE	1,986	862	8	3,036	512	11%	17%	0%	19%	5%	12%	11%	0%	7%	3%
IT	9,901	4,332	1,658	24,212	2,003	2%	0%	0%	1%	1%	15%	14%	10%	40%	6%
LT	3,413	75	0	9,041	273	3%	4%	0%	2%	3%	12%	0%	0%	0%	1%
LU	94	0	80	330	681	35%	0%	0%	16%	16%	12%	0%	33%	7%	2%
LV	2,061	2,650	12	5,611	425	3%	0%	0%	4%	2%	1%	0%	0%	0%	1%
MT	16	7	0	233	5	19%	14%	0%	14%	0%	0%	0%	0%	1%	0%
NL	4,172	3,166	422	3,459	1,527	2%	1%	0%	7%	1%	16%	5%	6%	11%	4%
PL	19,998	33,658	3,076	150,440	1,670	1%	0%	0%	1%	1%	6%	1%	2%	1%	4%
PT	657	285	148	1,782	511	1%	1%	0%	4%	2%	10%	9%	22%	19%	3%
RO	4,059	6,793	0	23,396	1,073	6%	1%	0%	2%	5%	7%	1%	0%	9%	0%

	Number of awards					Direct cross-border					Indirect cross-border through affiliates				
	Services IIA	Services IIB	Services not specified	Supplies	Works	Services IIA	Services IIB	Services not specified	Supplies	Works	Services IIA	Services IIB	Services not specified	Supplies	Works
SE	6,990	2,050	178	6,866	1,543	2%	1%	16%	4%	2%	22%	12%	24%	25%	18%
SI	1,659	860	183	14,365	304	1%	8%	0%	1%	3%	4%	1%	0%	1%	1%
SK	1,211	647	0	2,623	428	5%	0%	0%	4%	4%	20%	1%	0%	8%	15%
UK	27,791	9,430	1,930	19,152	4,624	1%	0%	1%	3%	1%	14%	6%	7%	28%	8%
IS	38	11	0	153	23	0%	0%	0%	8%	0%	0%	0%	0%	0%	0%
LI	0	0	0	0	165	0%	0%	0%	0%	21%	0%	0%	0%	0%	11%
NO	3,172	845	8	2,846	1,370	3%	4%	0%	8%	3%	23%	10%	0%	27%	21%
Total	205,496	108,916	16,007	469,326	101,291	1%	1%	1%	2%	1%	11%	4%	9%	15%	5%

Table 87: Contract types by Member State (contract values)

	Values (m EUR)					Direct cross-border					Indirect cross-border through affiliates				
	Services IIA	Services IIB	Services not specified	Supplies	Works	Ser-vices IIA	Ser-vices IIB	Ser-vices not speci-fied	Sup-plies	Works	Ser-vices IIA	Ser-vices IIB	Ser-vices not speci-fied	Sup-plies	Works
AT	1,074.7	230.9	83.5	1,631.9	3,793.1	9%	3%	2%	30%	4%	11%	56%	0%	28%	2%
BE	4,384.4	271.3	199.0	3,344.4	4,911.8	7%	2%	3%	10%	6%	59%	12%	12%	57%	7%
BG	647.3	320.7	4.5	1,995.3	1,839.8	9%	2%	20%	10%	22%	3%	0%	0%	8%	0%
CY	116.1	13.6	8.5	708.7	879.7	44%	28%	13%	19%	25%	7%	0%		0%	0%
CZ	4,393.0	2,074.7	15.9	5,002.1	7,977.9	2%	1%	81%	5%	2%	45%	2%	0%	17%	28%
DE	5,099.7	1,573.8	451.2	7,821.6	19,862.2	2%	1%	7%	3%	1%	5%	0%	1%	12%	13%
DK	3,380.5	444.6	210.8	1,367.0	2,266.9	1%	0%	3%	31%	2%	5%	0%	0%	48%	8%
EE	653.9	1,011.9		734.2	1,003.7	5%	1%		20%	7%	6%	0%		0%	0%
ES	12,290.5	2,882.0	4,654.3	16,474.6	44,706.3	0%	0%	1%	2%	1%	14%	5%	10%	18%	3%
FI	1,057.8	398.0	133.3	730.2	1,783.7	4%	0%	0%	7%	1%	33%	5%	64%	30%	36%
FR	21,458.4	5,725.2	740.4	20,128.7	45,352.6	1%	5%	7%	3%	0%	19%	4%	4%	48%	1%
GR	1,046.8	474.7	302.9	2,452.5	4,941.3	6%	3%	0%	12%	3%	6%	2%	7%	0%	0%
HU	2,477.8	571.5	15.0	4,038.1	5,020.7	2%	12%	0%	10%	3%	18%	1%		21%	2%
IE	441.6	212.5		592.2	1,189.3	9%	4%		26%	1%	2%	1%		0%	0%
IT	15,674.1	9,081.2	3,311.4	17,380.8	17,110.1	1%	1%	0%	4%	0%	16%	31%	7%	33%	4%
LT	709.5	34.4	0.5	1,725.4	13,297.0	10%	15%	0%	9%	1%	3%	0%		0%	0%
LU	31.8		20.6	108.3	979.3	42%		9%	17%	16%	4%		0%	5%	0%
LV	1,153.2	395.8	1.9	1,624.9	1,935.6	13%	0%	0%	26%	5%	1%	0%		2%	0%
MT	4.6	9.6	3.7	318.5	7.1	54%	4%	19%	67%	0%	0%	0%		0%	0%
NL	2,969.4	1,146.9	83.7	1,794.7	6,386.0	1%	1%	1%	6%	1%	27%	6%	0%	14%	10%
PL	9,549.1	10,621.9	896.2	16,563.9	18,119.4	4%	1%	1%	4%	5%	9%	0%	2%	4%	6%

	Values (m EUR)					Direct cross-border					Indirect cross-border through affiliates				
	Services IIA	Services IIB	Services not specified	Supplies	Works	Ser-vices IIA	Ser-vices IIB	Ser-vices not speci-fied	Sup-plies	Works	Ser-vices IIA	Ser-vices IIB	Ser-vices not speci-fied	Sup-plies	Works
PT	387.3	248.6	119.3	996.0	4,653.8	2%	14%	3%	34%	2%	5%	11%	0%	21%	8%
RO	3,780.1	1,142.8	1.9	6,286.2	6,916.9	8%	3%	0%	12%	11%	18%	0%		9%	0%
SE	1,977.1	908.5	31.2	1,615.5	3,957.1	2%	0%	1%	18%	6%	22%	75%	19%	42%	33%
SI	550.1	124.7	65.5	1,661.2	1,259.2	2%	6%	0%	7%	0%	5%	0%	0%	0%	0%
SK	1,862.7	356.9	15.9	2,349.9	2,595.5	6%	0%	0%	17%	16%	17%	0%		12%	22%
UK	13,151.1	7,975.1	895.5	9,856.4	14,648.2	3%	3%	1%	6%	1%	15%	15%	2%	28%	7%
IS	30.8	5.2	9.1	71.6	162.2	0%	0%	0%	80%	5%	0%	0%		0%	0%
LI	3.0			5.7	47.7	18%			62%	15%					9%
NO	1,570.8	704.3	0.5	494.5	1,936.3	1%	0%	0%	28%	8%	3%	1%	0%	74%	7%
Total	111,926.9	48,961.3	12,276.0	129,875.1	239,540.5	3%	2%	2%	7%	2%	16%	12%	5%	25%	6%

SUPPLEMENT

QUESTIONNAIRE FOR SURVEY OF ECONOMIC OPERATORS

1. INTRODUCTION

European legislation on public procurement is in place to increase market transparency within the European Single Market. Common public procurement procedures across Europe are designed - inter alia - to facilitate cross-border procurement.

Forsa has been commissioned to estimate and explain the current extent of cross-border public procurement. This exercise is to serve as an input for an evaluation of public procurement policy to be conducted by the European Commission.

Your contact details have been derived from publication of tenders awarded from 2007 to 2009. We kindly ask you to provide us with some information about your experiences with public procurement in general and cross-border public procurement in particular (if applicable).

Answering the questions below should take less than 10 minutes and will help improve European legislation on public procurement.

For every question, it is also possible to give no answer/ "do not know".

2. INFORMATION ABOUT YOUR BUSINESS

First of all we would like to gather some information about your business.

2.1 How many employees work in your company?

- ☐ Fewer than 10 employees
- ☐ Fewer than 50 employees
- ☐ Fewer than 250 employees
- ☐ 250 and more employees

2.2 What share of your turnover do you obtain from clients from abroad?

- ☐ < 10%
- ☐ 10 – 20%
- ☐ 20 – 30%
- ☐ 30 – 40%
- ☐ > 40%

2.3 What share of your turnover comes from public sector clients (domestic and abroad)?

- ☐ < 10%
- ☐ 10 – 20%
- ☐ 20 – 30%
- ☐ 30 – 40%
- ☐ > 40%

2.4 Which sector are you in?

- ☐ Construction
- ☐ Commodities and food
- ☐ Manufactured goods
- ☐ Machinery and equipment
- ☐ Business services
- ☐ Other services

2.5 Is your company a foreign affiliate, i.e. it is owned by another company located abroad?

- ☐ Yes
- ☐ No

2.6 How many competitors exist to your knowledge in Europe, who offer comparable products/goods/services?

- ☐ Fewer than 10
- ☐ 10 to 50
- ☐ 50 to 100
- ☐ More than 100

3. EXPERIENCE WITH PUBLIC PROCUREMENT

We would like to learn about your experiences with public procurement.

3.1 How often has your company participated in public procurement tenders (domestically and abroad) in the last three years?

- ☐ Never (*discontinue interview if selected*)
- ☐ 1 to 5 times
- ☐ 5 to 10 times
- ☐ 10 to 20 times
- ☐ More than 20 times

3.2 What success rate did you experience when participating in public procurement tenders (domestically and abroad) in the last three years?

- ☐ < 10 %
- ☐ 10 – 20 %
- ☐ 20 – 30 %
- ☐ 30 – 40 %
- ☐ > 40 %

3.3 How often has your company participated in cross-border public procurement tenders in the last three years (either on your own or in cooperation with other companies, including companies from abroad)?

(i.e. tenders that have been published by a contracting authority located abroad)

- ☐ Never
- ☐ 1 to 5 times
- ☐ 5 to 10 times
- ☐ 10 to 20 times
- ☐ More than 20 times

3.4 What success rate did you experience when participating in cross-border public procurement tenders in the last three years (either on your own or in cooperation with other companies, including companies from abroad)?

- ☐ < 10 %
- ☐ 10 – 20 %
- ☐ 20 – 30 %
- ☐ 30 – 40 %
- ☐ > 40 %

4. DIFFERENT WAYS OF BIDDING CROSS-BORDER

Bidding cross-border can take place in different ways, including subcontracting, forming consortia and wholesaling. We would like to look at different ways and your experiences with these.

4.1 **Subcontracting**

4.1.1 To what extent do you **include foreign subcontractor(s)** when bidding domestically?

a) Do you (ever) include foreign subcontractor(s) when bidding domestically?

- ☐ Yes
- ☐ No (*if selected go to next numbered question*)

b) Share of bids with foreign subcontractor(s) when bidding domestically?

(100% = all bids for public procurement tenders of your company within the last three years)

- ☐ Fewer than 5% of all cases
- ☐ 5 to 10% of all cases
- ☐ More than 10% of all cases

c) Average share of foreign subcontractor(s) in total budget in those cases?

- ☐ < 10%
- ☐ < 20%
- ☐ < 30%
- ☐ < 40%
- ☐ > 40%

4.1.2 To what extent do you **act as a subcontractor for a foreign lead contractor** bidding in their own Member State?

a) Have you (ever) acted as a subcontractor for a foreign lead contractor bidding in their own Member State?

- ☐ Yes
- ☐ No (*if selected go to next numbered question*)

b) Share of bids as a subcontractor for a foreign lead contractor?

(100% = all bids for public procurement tenders of your company within the last three years)

- ☐ Fewer than 5% of all cases
- ☐ 5 to 10% of all cases
- ☐ More than 10% of all cases

c) Average own share of total budget in those cases?

- ☐ < 10%
- ☐ < 20%
- ☐ < 30%
- ☐ < 40%
- ☐ > 40 %

4.1.3 When bidding abroad as a lead contractor, to what extent do you include local subcontractor(s) from the country of the public authority/entity that has published the tender?

a) Have you (ever) bid abroad as a lead contractor and included (a) local subcontractor(s) from the foreign country of the public authority/entity that published the tender?

- ☐ Yes
- ☐ No (*if selected go to next numbered question*)

b) Share of bids with local subcontractor(s)

(100% = all bids for public procurement tenders of your company within the last three years)

- ☐ Fewer than 5% of all cases
- ☐ 5 to 10% of all cases
- ☐ More than 10% of all cases

c) Average share of local subcontractor(s) in total budget in those cases?

- ☐ < 10%
- ☐ < 20%
- ☐ < 30%
- ☐ < 40%
- ☐ > 40 %

4.2 Consortia

4.2.1 To what extent do you include foreign consortium partners when bidding domestically?

a) Have you (ever) included foreign consortium partners when bidding domestically?

- ☐ Yes
- ☐ No (*if selected go to next numbered question*)

b) Share of bids with foreign consortium partner?

(100% = all bids for public procurement tenders of your company within the last three years)

- ☐ Fewer than 5% of all cases
- ☐ 5 to 10% of all cases
- ☐ More than 10% of all cases

c) Average share of foreign consortium partner in total budget in those cases?

- ☐ < 10%
- ☐ < 20%
- ☐ < 30%
- ☐ < 40%
- ☐ > 40%

4.2.2 To what extent do you act as a consortium partner for a foreign consortium lead bidding in their own Member State?

a) Have you (ever) acted as a consortium partner for a foreign consortium lead bidding in their own Member State?

- ☐ Yes
- ☐ No (*if selected go to next numbered question*)

b) Share of bids with foreign consortium lead

(100% = all bids for public procurement tenders of your company within the last three years)

- ☐ Fewer than 5% of all cases
- ☐ 5 to 10% of all cases
- ☐ More than 10% of all cases

c) Average own share of total budget in those cases?

- ☐ < 10%
- ☐ < 20%
- ☐ < 30%
- ☐ < 40%
- ☐ > 40 %

4.2.3 When bidding abroad as a consortium lead, to what extent do you include local consortium partners from the foreign country?

a) Have you (ever) bid abroad as a consortium lead and included local consortium partners from the foreign country?

- ☐ Yes
- ☐ No (*if selected go to next numbered question*)

b) Share of bids with local consortium partners?

(100% = all bids for public procurement tenders of your company within the last three years)

- ☐ Fewer than 5% of all cases
- ☐ 5 to 10% of all cases
- ☐ More than 10% of all cases

c) Average share of local consortium partners in total budget in those cases?

- ☐ < 10%
- ☐ < 20%
- ☐ < 30%
- ☐ < 40%
- ☐ > 40%

4.3 Inbound wholesaling

How much of what you sell to public institutions in your home country do you import?

- ☐ < 10%
- ☐ < 20%
- ☐ < 30%
- ☐ < 40%
- ☐ > 40%

5. EXPERIENCES WHEN BIDDING CROSS-BORDER

We should like to know what kind of experiences your company has had so far when bidding cross-border.

5.1 Based on your experience, what are the most effective/successful ways of bidding cross-border?

In relation to each of the following aspects, please tell me whether you consider them not effective, less effective, moderately effective or highly effective in order to be awarded a contract when bidding abroad.

	0	1	2	3
	Not effective/ successful	Less effective/ successful	Moderately effective/ successful	Highly effective/ successful
Bidding directly abroad	☐	☐	☐	☐
Including local foreign subcontractor(s) when bidding abroad	☐	☐	☐	☐
Including local foreign consortium partner(s) when bidding abroad	☐	☐	☐	☐
Acting as a subcontractor for a foreign lead contractor	☐	☐	☐	☐
Acting as a consortium partner for a foreign consortium lead	☐	☐	☐	☐
Bidding through affiliate located abroad (if applicable)	☐	☐	☐	☐
Selling through local wholesaler(s)	☐	☐	☐	☐

5.2 Do you assume that different kinds of procurement procedures have an influence on your success rate when bidding cross-border (either on your own or in cooperation with other companies, including companies from abroad)?

In relation to each of the following kinds of procurement procedures, please tell me whether you consider it to have no positive influence, a small positive influence, a moderately positive influence or a highly positive influence when bidding cross-border

	0	1	2	3
	No positive influence	Low positive influence	Medium positive influence	High positive influence
Open procedure	☐	☐	☐	☐
Restricted procedure	☐	☐	☐	☐
Negotiated procedure with a call for competition	☐	☐	☐	☐
Negotiated procedure without a call for competition	☐	☐	☐	☐
Accelerated restricted procedure	☐	☐	☐	☐
Accelerated negotiated procedure	☐	☐	☐	☐
Competitive dialogue	☐	☐	☐	☐

5.3 To what extent do you think that local preferences influence outcomes of public procurement procedures, i.e. contracting authorities prefer domestic bidders?

- ☐ Not at all
- ☐ To a low extent
- ☐ To a medium extent
- ☐ To a high extent

5.4 Different kinds of obstacles could arise when bidding cross-border. Based on your experience, how do you assess the relevance of the following possible obstacles?

Please tell me in relation to each of the following obstacles whether you consider it not relevant, of low relevance, of medium relevance or of high relevance when bidding-cross border.

	0	1	2	3
	Not relevant	Low relevance	Medium relevance	High relevance
Lack of experience with doing business abroad in general	☐	☐	☐	☐
Language barriers	☐	☐	☐	☐
Resources necessary for participating in cross-border tender procedures higher compared to procedures in home country	☐	☐	☐	☐
Different kinds of technical specifications are demanded compared to experience in own Member State (e.g. different IT standards or the like)	☐	☐	☐	☐
Legal requirements leading to market entry barriers in the awarding country (e.g. special permits necessary for offering services abroad)	☐	☐	☐	☐
Unfamiliar formal requirements demanded (e.g. certificates to provide etc.)	☐	☐	☐	☐
High extent of competition from national bidders	☐	☐	☐	☐
Cost level in general higher at home than abroad (e.g. because of labour costs etc.)	☐	☐	☐	☐
Tax or social insurance differences leading to cost disadvantages	☐	☐	☐	☐
Risks imposed by possible currency exchange rate fluctuations	☐	☐	☐	☐
Additional costs due to geographic distance, i.e. implementation of contract more costly compared to delivery close to own location	☐	☐	☐	☐
Other (please specify) <i>OPEN TEXT BOX</i>	☐	☐	☐	☐

5.5 What language do you mostly use when formulating cross-border tenders?

- ☐ Language of awarding authority
- ☐ Own language
- ☐ Another language
- ☐ Not relevant, as language of awarding authority and own language are usually the same, even when bidding cross-border.

6. CLOSURE**6.1 Do you have any other comments you would like to share with us?**

OPEN TEXT BOX

THANK YOU VERY MUCH FOR YOUR SUPPORT!