

A bidding war that goes beyond Europe

FIEC discusses the increasing interest of foreign state-owned enterprises in the European procurement market

The construction, dredging and rail supply industry has launched an interactive map to show the activity of third country state-owned enterprises (SOEs) in the European public procurement market.

For how many projects have third country SOEs been bidding in the past? How many did they win? In which countries are they active? What type of projects are they interested in? Big projects or small projects? Road construction or bridge construction? Now, this can be seen on an interactive map.

FIEC, with the European International Contractors (EIC), the European Dredging Association (EuDA) and the European Rail Supply Industry Association (UNIFE), produced the map to clarify the activities of third country state-owned enterprises in the European public procurement market.

The map provides information about public procurement procedures since 2009, where third country SOEs were successful, unsuccessful and

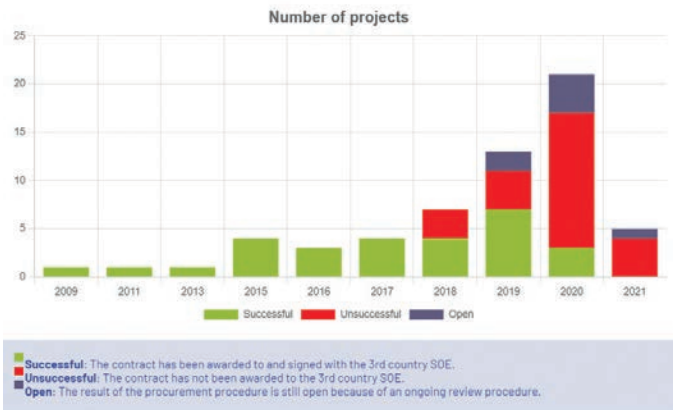
where the result is still open. The geographical focus lies on the EU27, the UK, Switzerland and the Western Balkans. The information displayed on the website is publicly available and relates to construction, dredging and rolling stock contracts. A timeline shows the number of projects per year.

For some time, FIEC has highlighted the issue of SOEs from third countries bidding for public contracts, including EU-funded projects. In fact, for more than a decade, a growing interest from third country SOEs in the European procurement market for construction works can be observed.

JOINT INITIATIVE

While the situation has evolved with unprecedented speed in the last three years, experts in public procurement, policymakers, other economic sectors and the wider public are not necessarily aware of the extent of this trend. It was time to change that. While time and again press articles on single public projects won by foreign SOEs popped up, no comprehensive overview illustrating their successes and their general interest in the market was available.

The facts shown through this joint initiative are telling. While only a handful of projects can be observed in the period from 2009 to 2017, this phenomenon has accelerated over the last three years. In fact, since 2018, SOEs from third countries have bid for at least 46 public projects all over the EU, Switzerland and the Western Balkans. They eventually won 14 of these projects. They were interested in both very large projects with a value of more than €1 billion and also smaller ones starting from €3 million.



Graphic shows the increasing number of SOEs bidding for public projects in Europe

Let's zoom into a few of these projects:

- In 2018, the contract for the construction of the Peljesac Bridge in Croatia was signed. The project with a value of €350 million, of which 85% was co-funded through the EU, was awarded to a consortium consisting of China Roads & Bridge Corporation (CRBC) and China Communication Construction Company (CCCC). The price which was offered by the consortium was 26% cheaper than the offer of the European competitor.
- In 2021, the contract for the construction of the Divaca-Koper second railway track was signed. The estimated value amounts to €1.2 billion. The project is co-funded through the EU. Several Chinese SOEs signalled their interest in the project but were excluded at the prequalification stage. The contracting authority only accepted reference projects built according to European standards.
- In 2018, a road maintenance contract in Romania was signed. The project has a value of €15.7 million. The contract was awarded to Sinohydro Corporation, a Chinese SOE.
- In 2019, the contract for the construction of three

worker access tunnels for the extension of the Stockholm metro was signed, each with a value between €8 and €10 million. The project was awarded to the China Railway Tunnel Group. The company offered the lowest price – up to 50% cheaper than the offer of the European competitors.

The data visualised through the interactive map illustrates how multifaceted the situation is: First, all Europe is concerned – from Romania to Portugal, from Austria to Norway. Not only Eastern European authorities are inclined to go for the lowest price. And not only Eastern Europe, with its infrastructure network in development, is of interest for third country SOEs.

Second, not only megaprojects are of interest for such businesses.

Third, SOEs from third countries want to build different types of infrastructure. Finally, the ability to offer low prices is usually the key for success for third country SOEs. But some contracting authorities are resisting.

The interactive map puts together all the information necessary to draw such conclusions and informs about the extent and the complexity of the phenomenon.

The website can be accessed from the following link: <https://soes-in-europe.eu/>

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