



## **Joint Press Release**

15/10/2019

### **The EU needs to foster a level playing-field for construction services**

*"The access to EU public procurement markets of Chinese state-owned enterprises (SOE) is becoming a political issue again and it concerns more generally all forms of foreign state influence on private operators."* says FIEC President Kjetil Tønning and continues: *"After the award of the EU-financed Pelješac Bridge project by the Croatian Road Authority to a consortium of Chinese state-owned enterprises, led by the China Road and Bridge Corporation- in January 2018, Region Stockholm, the public entity responsible for all publicly funded transport projects in Stockholm, has awarded at the beginning of October 2019 three public tenders for worker access tunnels to a subsidiary of China Railway Group, which is ranked as the second largest construction company in the world".* Tønning points out that the prices offered by the Chinese state-owned company were below the direct costs of private EU companies and the recent award therefore raises legal issues such as "abnormally low tenders", distortion of competition by state aid, the use of EU funds and "reciprocity".

*"In terms of allowing market access to government procurement markets, China is a particularly striking example of protectionist behaviour",* adds EIC President Philippe Dessoy, *"because in China, foreign construction companies are prohibited by law from participating in public tenders in the construction sector".*

According to the commitments made by the Chinese government in the context of the General Agreement on Trade in Services (GATS), foreign construction companies may register as a "wholly-foreign owned enterprise" which, however, limits their operation to tenders financed by non-Chinese authorities, such as foreign investors and multilateral institutions. Participation in the domestic Chinese government procurement market is possible for foreign firms only in the form of Sino-Foreign Joint Ventures, which are subject to a de facto discriminatory qualification regime that puts them at a disadvantage compared to domestic companies.

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**FIEC** – the European Construction Industry Federation – represents via its 31 national Member Federations in 27 countries the European interests of construction enterprises of all sizes, i.e. builders/ craftsmen, SMEs and "global players", performing all kinds of building and civil engineering activities. FIEC is the European Sectoral Social Partner (employers) of the construction industry.

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**EuDA** - is the official interface between the European dredging industry and the European Institutions. EuDA members employ approximately 25,000 European employees directly "on land and on board of the vessels" and more than 48,300 people indirectly (through the suppliers and services companies). **For further information please contact:** Paris Sansoglou, Secretary General, [info@euda.be](mailto:info@euda.be)

**EIC** – associated with FIEC – represents the international interests of contractors' associations from Austria, Belgium, Bulgaria, Denmark, Finland, France, Germany, Greece, Italy, Netherlands, Portugal, Spain, Sweden, Switzerland and Turkey. **For further information please contact:** Frank Kehlenbach, Director, [info@eic-federation.eu](mailto:info@eic-federation.eu)



*“Such discriminatory practices as well as the lack of transparency has provoked European and other foreign construction companies to withdraw from the Chinese construction market, maybe with the exception of Hongkong”, explains Dessoy and he wonders “why it is possible that Chinese state-owned companies can freely operate within the EU’s public procurement market ?”.*

Alain Lievens, the Chairman of the European Dredging Association, points out that the three European construction federations have called upon the European Commission to intervene and stop such distortive practices. With a view to the renewed discussion on the so-called “International Procurement Instrument”, which is currently negotiated between the EU Commission, the Parliament and the Council, he stresses: *“The International Procurement Instrument (IPI), as currently drafted, will not help opening third country procurement markets for European companies, but open the European procurement market completely for third country bidders. This is why EuDA, EIC and FIEC hold the view that the principle of reciprocity, which is enshrined in WTO (World Trade Organisation), in the GPA (Agreement on Government Procurement) and in the European Procurement Directives, need to be written also into the proposed EU International Procurement Instrument (IPI)”.*

Read more:

- [Plan of Action on Protecting the EU-Services Industry \(12 June 2019\) submitted by FIEC, EIC and EuDA](#)
- [EuDA/ FIEC/ EIC joint Policy Paper on Fostering a Level Playing Field in Construction Services \(September 2019\)](#)

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