Public procurement

School construction, rolling stock for railways or municipal IT systems and other contracts for public bodies are interesting contracts for private sector companies. They frequently create jobs over many years. The Agreement on public procurement means that these contracts can now be accepted in more sectors than in the past.

Public procurement is regulated worldwide – under the provisions of the World Trade Organization (WTO). However, the bilateral agreement between Switzerland and the EU goes further. Now, it is no longer just the Confederation and the cantons that have to put their contracts out to tender, but also the municipalities and other public authorities. The same applies for the EU states. This concerns such matters as municipal contracts in the fields of public transport (e.g. tram, bus) or infrastructure (e.g. roads, bridges). The rail transport and energy sectors are also being opened up. In the fields of water, electricity, local transport and airports there is even a requirement for certain private companies to put their contracts out for public tender.

In concrete terms: Since 2002, Swiss companies have enjoyed equal rights in the EU in terms of competing for contracts such as the building of hospitals, the supply of gas and heating, or procurement in rail transport. In return, EU companies can tender for corresponding large contracts in Switzerland.

The international, public invitations to tender are not only of interest for suppliers, but also for the public sector and thus for the taxpayer – because the fundamental principle applies that, given the same quality, the lowest bid must be accepted. This saves costs. It also creates transparency of competition.

The rules for public tenders only apply upwards of a specific minimum amount: For building contracts this is around 10 million francs, for goods and services approximately 250,000 francs (Confederation). The threshold for municipalities and cantons is approx. 380,000 francs.

A billion franc business
Public procurement is a billion franc business: Each year, the Confederation, Cantons, municipalities and public sector companies award contracts worth 30 billion francs. Invitations to tender from the municipalities account for the largest share. The EU countries spend approximately 1,500 billion euro each year on the building of infrastructure as well as for the procurement of goods and services.

AGREEMENTS

Key data

Date of signing: 21 June 1999 (in the framework of Bilaterals I)

Approval by the electorate: 21 May 2000 (in the framework of Bilaterals I)

Date effective: 1 June 2002

“As part of an architecture competition, we were invited to submit a project for an urban development project at the Nordwestbahnhof railway station in Vienna – and, to our great delight, we won. Of course, our company has a good reputation in this field, but without the bilateral Agreement on public procurement we would never have received genuinely equal treatment. However, our competitiveness is the result of more than just one single agreement: The free movement of persons also means that our qualifications are recognised – a decisive factor in an architecture competition.”

Bertram Ernst, Architect