

PRESS RELEASE

THE CNC PUBLISHES ITS GUIDE ON GOVERNMENT PROCUREMENT

The National Competition Commission has published a Guide on government procurement and competition, aimed at fostering competition in government procurement procedures.

Madrid, 7 February 2011. In Spain, as in neighbouring countries, government procurement is of considerable importance: according to data from the European Union, government procurement accounted for 14.9% of Spain's GDP in 2008.

Competition between bidders is the way to ensure that public sector entities, and ultimately society as a whole, obtain the benefit of the best offers in terms of the price, quality and innovation of the goods and services eventually purchased. Inadequate competition increases the economic burden on government agencies acquiring goods and services and, therefore, on citizens.

Through the recommendations included in this *Guide on government procurement and competition*, the CNC wishes to contribute to the fostering and promotion of effective competition in public procurement procedures for the benefit of the procuring authorities and citizens.

The Guide is addressed to entities in the public sector that participate in the market as buyers of goods and services through government procurement procedures. Public sector entities can basically help to foster competition in government procurement procedures in two ways:

- By developing procurement procedures that do not introduce any unjustified restrictions on competition in their design or their execution or in the subsequent performance of the contract.
- By helping to prevent and combat potential agreements between bidders in the procurement process in order to alter the commercial terms or to divide the contract between them, known internationally as bid rigging.

According to various estimates carried out in the international arena, collusion between bidders makes the prices of goods and services acquired through tenders more than 20% higher. Competition authorities in neighbouring countries are intensively involved in disciplinary action in relation to conduct of this kind, which should make us reflect on the frequency with which such conduct occurs and on whether it is appropriate to provide this detection work to the various government authorities in this country.