

**European Commission
Proposal for a
Regulation on public
contracts and
concessions (Public
Procurement Act)**

16.10.2026

Proposal for a Public Procurement Act: a single EU Regulation on public contracts and concessions to replace the 2014 Procurement Directives

Executive Summary

On 9 September 2026, the European Commission published its proposal for a Regulation on public contracts and concessions, known as the ["Public Procurement Act" \(COM\(2026\) 590\)](#). The new Regulation would replace the three 2014 Procurement Directives, directly applicable in all Member States without transposition into national law. The Proposal foresees the reduction of the award procedures to two main ones, complemented by an innovation procedure, negotiation being possible in all of them. It makes the best price-quality ratio the standard award method, with a minimum weight of 30% for quality. Furthermore, it gathers in one piece of legislation the green, social and security requirements currently scattered across sectoral legislation and, for the first time, sets out a general framework for a "European preference" towards third countries. With the presentation of the Proposal, the legislative process has just started. It will now be scrutinised by the EU's main legislative bodies, the European Parliament and the Council.

A. The Current Regime: the 2014 Procurement Directives

Public Procurement, meaning the purchase of works, supplies and services by public authorities, accounts for around 15% of the EU's GDP. Since 2014, contracts above certain values have been governed by three directives: [Directive 2014/23/EU on the award of concession contracts](#), [Directive 2014/24/EU on public procurement](#) in general, and [Directive 2014/25/EU on procurement by entities in the water, energy, transport and postal services sectors \("utilities"\)](#). As directives, they had to be transposed into national law. Under the current regime, public buyers must choose one of five different award procedures, each with its own conditions. In the two most common ones, the open and the restricted procedure, they may not negotiate with tenderers, negotiation being reserved for specific procedures that can be used only in defined cases, such as complex contracts. Public buyers may also award a contract simply to the lowest-priced tender, without assessing quality.

The Commission's evaluation of the Directives concluded that the current regime would be too complex and rigid, that price-only awards would remain prevalent, that the rules on access for non-EU companies would lack clarity, and that the electronic procurement systems would be fragmented. The European Court of Auditors had also found that competition for public contracts had decreased over the past decade, and that the participation of small and medium-sized enterprises (SMEs) and cross-border bidders remained limited. In addition, procurement obligations have multiplied outside the Directives, in more than fifty sector-specific legal instruments, thus entailing the risk of legal uncertainty. These instruments contain three kinds of procurement provisions: grounds for excluding a company from a tender, which are today scattered across several acts and applied unevenly; requirements on what public buyers must purchase, for instance energy-efficient products or accessible services; and separate, uncoordinated powers for the Commission, to set green procurement requirements in individual sectors. According to the Commission, this fragmentation can create disproportionate administrative burden and legal uncertainty for public buyers and companies alike.

B. The Proposed Regime: The Public Procurement Act

One single Regulation

Against this background, the Commission proposes to merge the three Directives into one regulation based on Article 114 TFEU, the Treaty provision that allows the EU to harmonise national rules where

this is needed for the functioning of the internal market. It covers public contracts, utilities procurement, as well as concessions, and uses the single term “public buyer” for all authorities and entities subject to the rules. As for today, the Regulation would apply only to contracts the estimated value of which, net of VAT, is equal to or above the following thresholds:

Type of Contract	Threshold (net of VAT)
Works contracts and concessions	€5 404 000
Supply and Service contracts awarded by central government authorities	€140 000
Supply and Service contracts awarded by sub-central authorities	€216 000
Supply and Service contracts awarded by utilities	€432 000
Contracts for social, health and educational services	€750 000

Every two years, the Commission would verify these thresholds correspond to those set in the World Trade Organization Agreement on Government Procurement (GPA), the international agreement under which its parties open their procurement markets to one another and would revise them where necessary. Defence and security contracts and contracts for research and development services remain outside the scope.

More flexible procedures

Additionally, the proposal replaces the current range of procedures with two main ones, each of which may be run with or without selection criteria, and with or without negotiation. In the open procedure, any company may submit a tender from the outset, within at least 20 days from publication, against a general minimum of 35 days today. In the dynamic procedure, companies would join a procedure that stays open for a set period and are later invited to tender for individual contracts.

These two procedures are complemented by an innovation procedure, intended for cases in which no suitable solution exists on the market: the public buyer describes a “societal challenge”, tests the proposals received for up to two years and may then negotiate the purchase of the resulting solution. As a rule, the company that develops the solution keeps ownership of the intellectual property rights arising from it, such as patents or software, and can therefore sell the solution to other customers. The public buyer may take ownership only for overriding reasons of public interest stated at the outset, for example to avoid becoming dependent on a single supplier or to protect critical infrastructure.

Negotiation is possible in all of these procedures, but only on the non-essential characteristics of the purchase, such as quantity or delivery conditions. Exclusion grounds, selection criteria, and award criteria may not be negotiated. Moreover, a contract may be awarded directly, without prior publication, only in a closed list of situations, such as extreme urgency or where only one company can supply the solution. In any event, the result would need to be published.

Participation and Award

Public buyers shall exclude companies convicted by final judgment of offences such as corruption, fraud, money laundering, terrorism, trafficking in human beings, environmental crime or violation of EU sanctions, in principle for five years. Beyond these mandatory cases, public buyers keep a

discretion regarding whether to exclude companies the reliability of which is in doubt, for example because of grave professional misconduct or collusion with competitors. The proposal adds a new ground to this list: a company may be excluded where it has received foreign subsidies that the Commission has found to distort the internal market.

The proposal also seeks to provide for simplified tendering procedures. Selection criteria, meaning the requirements a public buyer sets on a company's financial standing and technical ability, would become optional, and where they are used, they would be subject to two limits. First, public buyers may not require a minimum yearly turnover of more than 50% of the estimated annual contract value, whereas today's limit is twice the estimated contract value. A higher turnover may be required only in duly justified cases, for instance because of special risks attached to the documents. Second, public buyers may not ask for previous experience in public contracts as a condition for participation, unless this is justified by the complexity of the contract or the nature of its subject-matter. In practice, a company that has so far only worked for private customers could no longer be kept out of a tender on that ground alone. Subcontracting remains possible, but with more transparency: tenderers must name their proposed subcontractors in the tender, and a contract may not be subcontracted in its entirety.

One of the crucial changes concerns the award procedure: Contracts are to be awarded by the best price-quality ratio (BPQR) method, under which tenders are compared on both price and quality criteria, such as technical merit, environmental and social characteristics, staff qualifications, or delivery conditions.

Quality must account for at least 30% of the total points. For labour-intensive contracts, in which labour normally represents at least 50% of the contract value, the minimum share for quality points rises to 50%. The 30% rule is a default, not an absolute obligation. A public buyer may depart from it, and even award on price alone, where it can guarantee quality by other means: either by fixing the required quality in the technical specifications, or by imposing it through the conditions for performing the contract. This could be the case, for example, for standardised products, where every compliant tender is of the same quality. The public buyer would then have to state, when launching the procedure, which of these options it relies on. This is what the Commission calls a "comply or explain"-approach: 'follow the rule or say publicly why you do not.' A related safeguard addresses tenders that are suspiciously cheap. Where a price appears abnormally low compared with the other tenders or with market prices, the public buyer must ask the tenderer to explain it and must reject the tender if the explanation is not satisfactory.

Green, Social and Security requirements

The proposal combines the requirements on what public authorities must buy, as opposed to how they buy it, which are currently found in sectoral legislation. For the most part, public buyers may, but are not obliged to, take environmental and social considerations into account.

As to environmental considerations, these are commonly referred to as 'green public procurement' (GPP). The proposal defines GPP as taking environmental and climate-related impacts into account over the whole life cycle of what is purchased, in pursuit of objectives such as climate change mitigation, the circular economy, pollution prevention and the protection of biodiversity. Public buyers may, for example, require durability, reparability or recycled content instead of buying new products. Mere compliance with the environmental obligations that apply to everyone may not count as GPP. Social considerations may likewise be taken into account, for instance the integration of persons with disabilities, training of workers or gender equality and it may be the case that public buyers reserve contracts for the organisations whose main aim is such integration.

Nevertheless, the proposal foresees also mandatory requirements. Public buyers shall purchase only products, services and works with high energy efficiency performance, unless this is not technically

feasible, an obligation taken over from the [Energy Efficiency Directive \(EU\) 2023/1791](#). They shall, as a general rule, require accessibility for persons with disabilities for everything intended for use by natural persons. Where they require an ecolabel, this must be the EU Ecolabel if EU Ecolabel criteria exist for the product concerned.

For products covered by certain pieces of EU environmental legislation, public buyers shall require environmental characteristics based on those acts, and the Commission may make specific requirements mandatory by delegated act. This consolidation directly affects recent legislation, five pieces of legislation losing all or part of their own provisions on green public procurement: Article 65 of the [Ecodesign Regulation \(EU\) 2024/1781](#), Article 25(4) and (5) of the [Net-Zero Industry Act \(EU\) 2024/1735](#), Article 85 of the [Batteries Regulation \(EU\) 2023/1542](#), Article 83 of the [Construction Products Regulation \(EU\) 2024/3110](#) and Article 63 of [Regulation \(EU\) 2025/40 on packaging and packaging waste \(PPWR\)](#).

The proposal devotes an entire chapter of the Regulation, entitled 'Security and resilience', to procurements that present a risk to security or public safety. Such a risk may stem from the contract itself, for instance because it gives access to sensitive data or critical infrastructure, or from the company, for instance because of who owns it, or because it is subject to third-country legislation that could force it to disclose sensitive information. In such cases, public buyers shall take appropriate and proportionate measures. They may, for example, require security certifications or the vetting of the staff working on the contract, score tenderers on their security management, or reserve the right to audit the supplier and to be notified of any change in its ownership. These obligations continue after the award. A public buyer may terminate a contract, in whole or in part, where the contractor breaches its security obligations or where a security risk has materialised or is likely to do so. It must first carry out a written assessment and, as a rule, give the contractor at least ten days to respond.

European preference – “Buy European”

The most politically sensitive part of the proposal concerns companies and goods from outside the EU. It distinguishes between “covered” and “non-covered” companies, goods, services and works. They are “covered” where they originate in a third party to the GPA, or that has a trade agreement or customs union with the EU containing procurement commitments, and the contract falls within those commitments. Covered companies must be treated equally with EU companies, as is already the case today.

With regard to the “non-covered” ones, the current rules offer only one limited tool: utilities may reject a supply tender in which more than 50% of the products come from such third countries. The proposal goes considerably further and allows all public buyers to apply “European preference” requirements. They may restrict participation to EU and covered companies, require that the goods or services offered be of EU or covered origin, give EU and covered tenders an advantage in the evaluation, or reject a tender in which EU or covered content represents less than 50% of its value. These tools are optional and must be announced when the procedure is launched, but the Commission may make them mandatory by delegated act. Exceptions apply, in particular in cases of emergency, where no EU or covered supplier exists or where costs would be disproportionate. In practice, tenderers will have to declare their country of origin and, where required, that of their goods.

Contract performance and digital tools

A contract may be modified without a new procedure where the value of the modification does not exceed 15% of the initial contract value, counted cumulatively (today 10% for supplies and services and 15% for works), and the economic balance of the contract is not altered. Larger modifications are permitted only in defined cases, such as circumstances that could not have been anticipated. Price indexation clauses provided for in the contract do not count as modifications.

Finally, the proposal creates a common digital ecosystem. National eProcurement systems are to be connected, and the Commission will operate an electronic eligibility service through which companies prove that they are not excluded and meet the selection criteria. The service applies the “once-only” principle: evidence is retrieved from official registers and is not submitted again for each tender. The EU-level tools are to be available by 30 June 2028, and Member States must connect their national registers by 15 June 2029. The Commission estimates yearly savings for companies of around EUR 1 billion, against new costs of EUR 477 million.

C. Current Rules and Proposal at a Glance

Topic	2014 Directives	Proposed Public Procurement Act
Legal Instrument	Three directives, transposed into national law	One regulation, directly applicable
Procedures	Open, restricted, competitive procedure with negotiation, competitive dialogue and innovation partnership; negotiation only under conditions	Open and dynamic procedures, complemented by an innovation procedure; negotiation possible in all
Award	Most economically advantageous tender; price-only awards possible	Best price-quality ratio; quality at least 30% of points (50% for labour-intensive contracts), or explain
Green and Social Requirements	Largely optional; mandatory rules scattered across sectoral acts	Gathered in one text; single mechanism for mandatory green requirements
Third Countries	Only utilities may reject supply tenders with more than 50% non-covered products	European preference tools; Commission may make them mandatory
Evidence from Tenderers	Self-declaration in each procedure	Electronic eligibility service based on the once-only principle.

D. Next Steps

The proposal will now be examined by the European Parliament and the Council under the ordinary legislative procedure, and its content may change significantly before adoption. Once adopted, the Regulation would enter into force 20 days after its publication in the Official Journal and apply two years later, when the three 2014 Directives would be repealed. Related proposals containing procurement provisions, such as the Industrial Accelerator Act and the European Innovation Act, are being negotiated in parallel.

E. Conclusion

- The proposal would replace the three 2014 Procurement Directives with a single regulation, directly applicable in all Member States
- The procedures are reduced to two main ones (open and dynamic), complemented by an innovation procedure, and negotiation is possible in all of them.
- The best price-quality ratio becomes the standard award method, with quality counting for at least 30% of the points, and 50% for labour-intensive contracts.
- Green, social and security requirements are gathered in one text, and sectoral provisions, such as Article 63 of the PPWR on green public procurement, are deleted.
- Public buyers may apply a European preference against companies and goods from third countries not covered by an EU procurement agreement, and the Commission may make this mandatory.
- The text is still subject to negotiation and would apply two years after its entry into force. Companies active in public tenders should follow the negotiations, in particular on the award, subcontracting and origin rules



Corso Europa, 12
20122 **MILAN**, Italy
Tel.: +39 02 30309330

Via Pinciana, 25
00198 **ROME**, Italy
Tel.: +39 06 45206220

Via Alessandro Maria Calefati, 6
70121 **BARI**, Italy
Tel.: +39 080 8642350

Strada della Repubblica, 57
43121 **PARMA**, Italy
Tel.: +39 0521 239489

Galleria dei Borromeo, 3
35137 **PADUA**, Italy
Tel.: +39 049 8775811

Palazzo Farina
Via Sigismondo, 46
47900 **RIMINI**, Italy

Via della Zecca, 1
40121 **BOLOGNA**, Italy
Tel.: +39 051 407 3200

Via Posillipo, 9
80123 **NAPLES**, Italy
Tel.: +39 081 19623100

Via Locatelli, 3
37122 **VERONA**, Italy
Tel.: +39 045 8097000

Via San Nicolò, 42
31100 **TREVISO**, Italy
Tel.: +39 0422 162622

Via Lazzaretto Vecchio, 5
34123 **TRIESTE**, Italy
Tel.: +39 040 957 0610

Boulevard Charlemagne 23 1000
BRUXELLES, Belgium Tel.: +32 2 551 1201

48 Gresham Street
LONDON EC2V 7AY, England
Tel.: +44 (0) 207 183 6423

63 Boulevard Malesherbes
75008 **PARIS**, France
Tel.: +33 (0)6 68 06 03 57

Via Carlo Frasca, 8
6900 **LUGANO**, Switzerland
Tel.: +41 (0) 91922 24 80

9, rue Large, L-1917
1917 **LUXEMBOURG**, Luxembourg
Tel.: +352 27 22 55

27 West 20th St. - Suite 1004
10011 **NEW YORK**, USA
Tel.: +1 9293098424

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