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Facts About The Swedish Procurement Market & Expansion of the GovKon Blog to the EU

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Starting in February, the firm's Procurement attorneys in the firm's Stockholm Office will contribute to this Government Contracts Blog with analysis of hot procurement topics in Europe. We are currently waiting for several preliminary rulings from the European Court of Justice (ECJ) which will have substantial impact on the development and application of EU procurement law.

In the interim, let's begin with an introduction to the Swedish Procurement Market.

• Swedish procurement law is governed by several EU public procurement directives when the procurement's contract value exceeds certain thresholds. For procurement below the thresholds, domestic law applies.

• The value of purchases covered by Swedish procurement laws was estimated at SEK 683 billion (EUR 71 billion) in 2016. This corresponds to approximately one-sixth of GDP (excluding VAT).

• The construction industry is the most common sector in public procurement.

• Approximately 45% of the procurement procedures initiated in 2017 were governed by the EU public procurement directives. This type of procurement has increased by 14 percentage points since 2012.

• All directive-compliant procurements are advertised in the EU's common database Tenders Electronic Daily (TED).

• In 2017, 76% of all tenderers [1] were small enterprises or micro enterprises while 4% were large companies. Small and micro enterprises won 50% of the total number of contracts awarded. Large enterprises won 26%. The main reason was that large enterprises were considerably more active as tenderers than small ones. Large enterprises submitted an average of 22.0 tenders each while small and micro enterprises respectively submitted 3.0 and 1.8 tenders each. The proportion of contracts won was the same regardless of company size.

Under EU and Swedish law, the main factors determining whether an enterprise is an SME are: [2]

1. **staff headcount**
2. either **turnover** or **balance sheet total**

Company category	**Staff headcount**	**Turnover**	or	**Balance sheet total**
Large	≥ 251	> € 50 m		> € 43 m
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

• In 60% of all procedures, 1–3 tenders are submitted. The average number of tenders submitted in 2017

was 4.1. The average number of tenders submitted has decreased for several years.

• Most public contracts run for 3–4 years (including any extension options).

• Directive-compliant procurement is subject to a review procedure more often than procurement procedures not governed by the EU public procurement directives. Procedures with many tenderers are subject to review procedure more often than procedures that only have a few tenderers.

To find out more, please visit:
https://www.upphandlingsmyndigheten.se/globalassets/publikationer/rapporter/statistikrapport_2018_webb.pdf

We look forward to sharing news and information about up-coming procurements in EU that could be of interest to US companies and legal analysis in future postings!

Footnotes

[1] Under EU and Swedish law a “tender” is the equivalent of a “Solicitation” under the United States’ Federal Acquisition Regulations.

[2] Small and medium-sized enterprises (SMEs) are defined in the EU recommendation 2003/361.