External impact of EU trade and investment policy on public-private initiatives in countries outside the EU

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The European Parliament adopted by 530 votes to 153, with 10 abstentions, a resolution on the external impact of EU trade and investment policy on public-private initiatives in countries outside the EU.

Parliament recalled that public-private partnerships (PPPs) are a long-term tool used in government policies at international, national, regional and local level and are important as a vehicle for economic growth, innovation, competitiveness and job creation.

It considered that PPPs could **a potential source of growth for EU companies** and, at the same time, be useful for our partner third countries, as these PPPs could provide infrastructures, goods and services of general interest.

Recalling that PPPs should bring high added value to citizens and consumers, Parliament urged the Commission to promote a definition of PPPs that can gain international recognition as a long-term relationship between public entities and private investors geared to the provision of high-quality, accessible public services and infrastructures on the basis of terms and conditions clearly laid down in contracts.

Challenges: Parliament considered it regrettable that, so far, **the EU has kept its government procurement markets largely open to international competition**, while EU companies still face substantial barriers abroad. The resolution recalled that there are a number of inherent risks in infrastructure projects (in particular those relating to building, the environment, telecommunications and energy networks), and that the government, through PPPs, transfers part of the risk to the private contractor so that both can reap the benefits but also **share the risks and responsibilities of such projects** and ensure its successful implementation and viability.

Stressing the importance of good governance, Parliament called for appropriate levels of both flexibility and procedural safeguards to ensure transparency, non-discrimination and equal treatment.

Involving the private sector in development: Parliament stressed that EU trade, investment and development policies are interlinked. It stressed the **increasing potential of PPPs** to foster innovative solutions and **mobilise long-term private finance and domestic resources for development objectives**. It stated that PPPs can also generate innovation in technologies and business models, and build mechanisms for holding the private sector accountable. It highlighted, however, instances in which the participation of the private sector in PPPs in some developing countries has not delivered the expected results. It noted that, in consequence, a contribution of technical assistance is needed to reinforce the legal and institutional frameworks in which PPPs are developed.

Parliament noted that **PPPs are high on the development agenda and are increasingly being promoted as a means of closing the infrastructure financing gap in developed and developing countries alike**. Members called on EU bodies to encourage EU companies participating in PPPs in third countries, in particular in less-developed countries, to work in accordance with the principle of policy coherence, by promoting projects focused on environmental protection, poverty reduction, education, waste management or the use of renewable energies, for instance. They recognised the fact that **private investment and**

finance are likely to be the key engine for sustainable growth, which is projected to be approximately 5% in developing countries in the coming years; recognises that such private funding can help support local economies and companies and provide decent jobs. They emphasised that future PPPs within the post-2015 development agenda should pursue poverty reduction and other sustainable development goals, and should be aligned with partner countries' national development plans.

Potential tools to enable EU companies to engage in PPPs outside the EU: Parliament called on the Commission to work towards gaining substantial market access commitments internationally in the World Trade Organisation (WTO), and in ongoing bilateral negotiations with third countries, in a positive and **reciprocal approach that allows for international competition**.

It called on the Commission to:

- work to eliminate administrative, procedural and technical barriers that prevent EU companies from taking part in foreign PPPs;
- undertake a study on the effects of the Union's FTAs and their implementation on access to foreign PPPs by EU companies;
- promote the use of clear and comprehensive accounting rules at international level in order to reduce the uncertainties associated with PPPs, while, at the same time, promoting sound budgetary policies and project sustainability;
- ensure that EU-backed bodies such as the European Agency for Small and Medium-sized Enterprises (EASME) and the Enterprise Europe Network (EEN) can also access and share information with SMEs on how to enter PPPs in states outside the EU.

PPPs outside the EU: new jobs and growth opportunities for EU companies: Parliament is convinced that increased participation by EU companies in large-scale international PPPs could lead to substantial benefits in terms of the creation of decent jobs, productivity, competitiveness, technological capabilities and innovation development in the EU. It stressed that the work in this area must take into account, in particular, **the challenges for EU-based SMEs in competing on international markets** as parts of PPPs, and the need to ensure that SMEs gain concrete and fair access.

It should be noted that an alternative motion for a resolution, tabled by the GUE/NGL group, was rejected in plenary.