

# ***Track 5 – An International Perspective on Best Value***

## **The vision of the European Rail Supply Industry**

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# Importance of procurement

## The European experience

- Public procurement has a **strategic importance**
- The **2014 EU public procurement framework** contains a specification that “contracting entities shall base the award of contracts on the most economically advantageous tender principle” (MEAT)
- Award criteria “shall be identified on the basis of the price or cost, using a cost-effectiveness approach, such as life-cycle costing”
- More qualitative, social and environmental criteria should become determining factors in the choice of a contractor

# Which approach ensures the best value for money?

- **What should be chosen:**
  - a product which has a cheaper catalogue price yet turns out to be more expensive in the maintenance, or
  - a more expensive product which costs less in the long run (CAPEX and OPEX integrated approach)?
- The European rail supply industry innovation strategy is based on the **life-cycle cost (LCC) approach** – added value for operators, infrastructure managers and end-users
- **A key priority for the Shift2Rail JU:** Target -50% reduction of LCC of the railway transport system!
- European companies are also developing innovative tools for measuring LCC for infrastructure and rolling stock

# UNIFE's list of potential MEAT criteria

- Long-term strategy
- Performance
- Technical/technological criteria
- Logistical/downstream capabilities
- Life-cycle costing
- Corporate Social Responsibility/Sustainability evaluation
- Quality
- ...



# **UNIFE key messages**

1. Contracts should increasingly be awarded based on the best value principle
2. Public funding should incentivize the use of the best price quality ratio
3. The industry is ready to engage in talks on the long-term benefits of this approach

