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EBSA
European Business Services Alliance

The European Business Services Alliance supports good contracting practices in the COVID-19 crisis

The European Business Services Alliance (EBSA) represents providers of business services within a wide variety of sectors – including industrial cleaning, private security and food services During the current COVID-19 crisis, many of these sectors have been recognised as "**essential services**" by Member States or the European Commission. They actively help to contain the spread of the SARS-CoV2 virus and play a crucial role in supporting the maintenance of healthcare and other critical public services, business activities and supply chains. **Their role will continue to be essential to enforce public health and safety measures during the reopening phase.**

Nevertheless, the business services sector has been **badly hit by the economic crisis** arising from the cessation of many public and business activities. The consequences are significant in a segment of the economy in which public buyers may account for 40% of the market.

As a result of the suspension of activities, many business services providers face **severe cash-flow problems**. In addition, they have assumed increased costs to implement the health and safety measures required to protect both workers and clients and will likely continue to do so in the re-opening phase. These financial problems are exacerbated by **bad contracting practices**, both from public and private buyers, including unilaterally scaled-down and cancelled services without bridging agreements due to wrongly invoked force majeure clauses; unilaterally extended payment terms and suspended payments; transfer of the costs of personal protective equipment to ongoing contracts; or forcing contractors to lower rates that compromise quality and collective agreements.

These issues are a severe challenge to the continuity of many companies that are essential for a gradual and safe economic recovery in Europe. On this basis, **the EBSA calls on European and national authorities to take action and engage with businesses and trade associations to discuss practical, temporary solutions for the business services sectors**.

Good contracting practices to support businesses and the general economy

It is important to mention that various governments and administrations rapidly adopted **measures to actively sustain employment in our sectors**. Among others, not suspending or terminating contracts during the lockdowns, or, in case of suspension, assuming the labour costs related to the contracts during their suspension. Other positive measures were included, for example, in the so-called Decree "Cura Italia": advance payments of 20% of the total price of new contracts within the 15 days of the beginning of the provision of the service or the suspension of immediate penalties in case of breaches of contract due to the containment measures. Further, Member States like Slovenia have adopted prompt-payment measures to pay businesses within 8 days.

The above have been of great help to sustain employment in the business services sector, composed of typically labour-intensive industries, and should be pro-actively promoted by the European Commission and competent authorities in the Member States.

Call to focus on quality procurement to ensure Europe's recovery

The EBSA welcomes the Commission's Guidance (2020/C 108 I/01) of 1 April on using the public procurement framework in the "emergency situation related to the COVID-19 crisis". The guidance outlines options and flexibilities within European public procurement legislation. In this direction, additional guidance on how public contracts may be managed to support the business services industry amid and after the crisis is also very much warranted. **The EBSA therefore calls on the European Commission to urgently provide guidance to Member States on how to ensure good contracting practices during and after the COVID-19 crisis**.

In addition, **the EBSA urges public and private buyers to follow important quality criteria and approaches when buying business services**. An exclusive focus on lower pricing often incentivises unfair competition, impacts working conditions, leads to the recruitment of inadequately trained and unqualified staff, and may even contradict collective agreements. Today, more than ever, such procurement practices can have severe consequences on the safety of workers and put a safe return to economic activity at risk. To support buyers in following quality-based approaches before and during the execution of contracts, the EBSA recommends the promotion of the Best Value Guides in the cleaning, catering and security sectors which were developed by several of our member associations together with their social partners and supported by EU-funding.

The Business Services sector is ready to support Europe's recovery

The **EBSA recognises the immense efforts of European Institutions and Member States** to help citizens, workers and businesses in this unprecedented crisis, and trusts that they will continue in a sense of solidarity, with targeted support to those sectors that are most affected by the situation. The EBSA **and our members are ready to fulfil our role and support the EU, businesses and citizens in these challenging times.**

The European Business Service Alliance (EBSA) brings together the European associations within the business services sector. Business services are important for the European economy; however, they are often invisible in our everyday lives. EBSA's vision is to achieve an internal market for business services in the EU, and to gain recognition for the important role business services play in the European economy. EBSA therefore work on increasing knowledge, visibility and recognition of the business services industry at the European level and promote the convergence of views and positions expressed by European Business Services associations in order to enhance our ability to make strong representations to the EU Institutions and other relevant stakeholders.