

# Auctions vs Negotiations

Prof. Nicola Dimitri

# European Directives 2004-14

- The EU legislator recommends to adopt auctions (competitive tendering) whenever is possible
- That is when the procurement project can be described precisely by the contracting authority (CA)
- The reason is that auctions better satisfy the main principles of fair treatment, transparency, non discrimination

# European Directives 2004-14

- Negotiated procedures (without prior publication, competitive tendering with negotiation, Competitive Dialogue CD) should be used in special cases
- When there only one supplier
- Emergencies
- Complex project, where CA is unable to describe exactly the content of tender documentation
- That is, CA knows what it wants but does not know all the details and so needs to learn from companies the needed information to complete its knowledge.

# European Directives 2004-14

- If you adopt negotiated procedures are adopted then, when possible, best to use Competitive Dialogue (CD)
- Widely used in the UK (London Olympic Village) but very few, if at all, cases in Italy

# Economic perspective

- Economists would provide the same suggestion (preference for auctions whenever possible)
- But the reason is that transparency, fair treatment and non discrimination should lead to more intensive competition and so better outcomes for CA.