Taxpayers Association of Europe

Yes to a Smart "European Preference" – no to Symbolic Politics and Protectionism

The Taxpayers Association of Europe (TAE) welcomes the debate on strengthening Europe's industrial resilience and competitiveness. This discussion has recently gained further momentum, including through the latest policy impulses from EU Commissioner Stéphane Séjourné advocating a "European preference" and a "Made in Europe" approach in public funding and public procurement.

Europe must be able to respond effectively to unfair competition, distortive foreign subsidies, and strategic dependencies. In this context, strengthening European value chains through targeted demand-side instruments is legitimate and potentially useful.

At the same time, the TAE stresses that Europe must build its economic strength not on protectionism, but on competitiveness: smart regulation, cutting red tape, high-quality education and skills, world-leading research, and framework conditions that enable start-ups to scale into global champions and unicorns — supported by strong and vibrant SMEs across Europe.

A European preference mechanism, as currently being discussed by Commissioner Stéphane Séjourné, must therefore be designed with a clear objective and with due care: strong enough to defend Europe against unfair practices, yet smart enough to avoid unintended side effects. This applies in particular to rising costs, reduced competition, and the risk of escalating trade countermeasures.

The TAE supports a pragmatic approach based on **four guiding principles**:

1) Keep trade open — no spiral of protectionism

Europe's prosperity depends on global markets, reliable partnerships, and export capacity. A European preference must not be misunderstood as a signal of general economic isolation. It should be targeted, proportionate, and compatible with Europe's international obligations, in order to prevent retaliation that would ultimately harm European businesses, consumers, and taxpayers.

2) Protect fair tenders, competition, and market discipline

Public procurement is financed by taxpayers and must remain competition-driven, transparent, and results-oriented. "Made in Europe" criteria must not undermine fair procurement procedures, reduce supplier diversity, or create de facto protected markets. Competition is not a technical detail — it is the strongest protection taxpayers have against excessive prices, weak performance, and rent-seeking (extracting benefits without delivering real value).

3) SMEs must benefit — not be burdened

Europe's SMEs are indispensable suppliers and key drivers of innovation. Preference mechanisms must not become compliance-heavy instruments that only large established companies can manage. If introduced, they must ensure:

- simplified participation and reduced bureaucracy
- procurement processes that enable SMEs to compete (e.g., lotting, proportionate requirements)
- clear, practical definitions and reliable procedures
- safeguards against circumvention, corruption, and cartel-like effects

4) Anticipate unintended consequences — focus on measurable outcomes

The TAE emphasises that poorly designed preference rules can trigger unintended effects, including higher procurement costs, slower implementation, weaker incentives for innovation, and distortions in the Single Market due to differing national interpretations. A European preference must therefore be accompanied by:

- transparent cost and life-cycle analyses
- measurable performance and impact criteria
- independent evaluation and review
- sunset clauses if objectives are not achieved

The TAE supports a European competitiveness strategy that strengthens strategic capacities and responds to unfair competition. However, it must not become a politically symbolic instrument with limited impact. European taxpayers need implementation and results — not symbolism.

It is innovation, investment, skills, excellent research, and scaling conditions for SMEs and start-ups that will make Europe successful — supported by public procurement that creates value, strengthens resilience, and preserves Europe's open and competitive economic model.

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