Foreign Supplier Access in Government Procurement: U.S., UK, and EU Perspectives

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Speaker Bios



Dismas Locaria
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Diz Locaria assists government contractors and grant recipients in all aspects of doing business with the federal government. Diz has extensive knowledge of government contract and grant regulations, enabling him to help organizations qualify to become federal contractors or grantees. He represents clients in compliance with various federal procurement and grant requirements, including ethics and integrity; mandatory disclosures; False Claims Act; responsibility matters, such as suspension and debarment; small business matters; and General Services Administration (GSA) Federal Supply Schedule contracting. Diz also represents and counsels clients regarding the Homeland Security Act, including obtaining and maintaining SAFETY Act protections.



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Chris Griesedieck's practice encompasses a wide range of government contract and grant-related matters—such as claims, requests for equitable adjustment, and bid protests. Chris's clients include large corporations and small and minority-owned companies doing business with defense and civilian agencies. Chris has advised and represented clients on cost and pricing issues, including the Federal Acquisition Regulation Cost Principles and Procedures and the Cost Accounting Standards. He also helps clients understand the Service Contract Labor Standards (formerly the Service Contract Act of 1965) and address the ratification of unauthorized commitments, organizational conflicts of interest, and post-employment restrictions on former federal officials.







Speaker Bios



Andrew Dean
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As a London-based partner in our Commercial practice, I support clients at the intersection of government and business.

I focus on market-first and internationally significant transactions, contentious procurement and public law matters, as well as regulatory and policy development. With extensive experience representing both government and business entities in the UK and internationally, I have a deep understanding of the pathways and strategies required to transact and engage effectively in these areas, helping clients achieve their strategic objectives in increasingly complex and uncertain markets.

Read more <u>here</u>.



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I am a senior associate in the Regulatory, Public & Administrative Law department in our Brussels office. I have a vast experience in public procurements across both European institutions and national Member States.

My expertise spans the entire procurement lifecycle – from the initial identification of opportunities and strategic preparation of bids, through to award decision disputes, contract performance management, and the application of potential sanctions. My procurement expertise encompasses the full spectrum of public sector engagement, including navigating the intricate procedures of EU institutions such as the European Commission, European Parliament, and various EU agencies, as well as the diverse procurement frameworks of Belgian contracting authorities.

Read more <u>here</u>.







Agenda

U.S. Government Laws, Limitations, and Restrictions

- Explicit Limitations and Restrictions on Non-U.S. Companies
 - Domestic Preferences
 - Foreign Ownership, Control, or Influence (FOCI)
- Requirements Relating to Non-U.S. Technologies
 - Section 889 of the FY19 National Defense Authorization Act (Pub. L. No. 115-232)
 - Federal Acquisition Supply Chain Security Act of 2018 (Pub. L. No. 115-390) (FASCSA)
- New Priorities of U.S. President
 - Diversity, Equity, and Inclusion (DEI) and Gender Certifications
 - Procurement Consolidation







Agenda Continued

Foreign Supplier Access to UK Government Procurement Market

- Market Access
 - Legal Protections for Foreign Suppliers
 - Potential Barriers
- Market Opportunities
 - Pathways
 - Dos and Don'ts
 - Growing Visibility in the UK Market

Foreign Supplier Access to EU Government Procurement Market

- European Procurement Regulations
- Market Access
 - National Member States
 - European Institutions







Explicit Limitations and Restrictions on Non-U.S. Companies

Domestic Preferences

- The U.S. government, at large, and some agencies more specifically, have domestic preference obligations, which have been steadily increasing U.S. content requirements and narrowing exceptions and waivers
- Generally, all U.S. agencies are subject to the Buy American Act (41 U.S.C. §§ 8301-8305 (formerly 41 U.S.C. §§ 10a-10d))
 - Non-iron/steel end product or construction material must be (i) mined or produced in the U.S. or (ii) manufactured in the U.S. and (a) the cost of U.S. components equals 65% of the total cost or (b) COTS item
 - Iron/steel end product may contain 5% or less of cost if foreign iron/steel
 - Inapplicable to supply contracts under micro-purchase threshold (usually \$10,000); non-iron/steel COTS; iron/steel COTS fasteners
 - BAA requirements are waived under contracts of a certain value for products from designated foreign countries covered by the TAA
- Trade Agreements Act (19 U.S.C. §§ 2501-2581)
 - For contracts above a certain value, replaces BAA and allows for products that are (1) wholly grown, produced, or manufactured or (2) "substantially transformed" in the U.S. or designated countries (i.e., WTO GPA, FTAs, "least developed country," and Caribbean Basin)







Explicit Limitations and Restrictions on Non-U.S. Companies (cont.)

Domestic Preferences (cont.)

- Agency specific programs:
 - DoD The Berry Amendment (10 U.S.C. §§ 4862 & 4863)
 - Applies to certain materials, such as food, clothing, tents, certain fabrics and fibers, hand or measuring tools, and a flag of the United States; and specialty metals
 - DoD The Balance of Payments Program (48 C.F.R. Subpart 225.75)
 - Applies to supplies for use, and construction to be performed, outside the U.S.
 - The Buy America Act (no "n")
 - The DOT and its subagencies have unique Buy America requirements outlined in relevant statutes and regulations
 - Infrastructure Programs (e.g., Infrastructure, Investment, and Jobs Act (IIJA), Build America Buy America (BABA))
 - Non-iron/steel manufactured product (i) must be manufactured in the U.S. and (ii) cost of U.S. components equals 55% of the total cost
 - For iron/steel products or construction material, all manufacturing processes took place in the U.S.







Explicit Limitations and Restrictions on Non-US Companies (cont.)

Foreign Ownership, Control, or Influence (FOCI)

- Certain work for the DoD, DoE, and/or the intelligence community may require a security clearance, referred to as a facility clearance (FCL) for entities
- A key consideration in obtaining a FCL is foreign ownership control or influence (FOCI)
- Completion of SF328 will flesh out FOCI concerns of USG
- With FOCI, mitigation may be required, but the level of mitigation is dependent on the extent of FOCI
 - <u>Board Resolution</u> May be used when the foreign entity does not own enough voting stock to elect a representative to the company's governing board (e.g., 10%-20% equity interest)
 - <u>Security Control Agreement</u> May be used when the cleared company is not effectively owned or controlled by a foreign entity and the foreign interest is entitled to representation on the company's governing board
 - <u>Special Security Agreement</u> May be used when a company is effectively owned or controlled by a foreign entity
 - <u>Proxy Agreement</u> May be used when a cleared company is effectively owned or controlled by a foreign entity. The voting rights of the foreign-owned stock are vested in cleared U.S. citizens approved by the DCSA







Requirements Relating to Non-U.S. Technologies

Section 889 of the FY19 NDAA

- Absent exception/waiver, prohibits contracting for, or with entities that use, telecommunications equipment deemed high-risk because of a connection to the People's Republic of China
- Section 889(a)(1)(A), or "Part A"
 - Agencies cannot procure any equipment, system, or service that uses telecommunications equipment from designated Chinese companies (Huawei, ZTE, Hytera, Hikvision, Dahua) and their affiliates as a substantial/essential element, or critical technology, of a system
 - Governs what contractors can deliver or use as part of performance of the contract
- <u>Section 889(a)(1)(B), or "Part B"</u>
 - · Agencies cannot contract with an entity that uses such equipment, system, or service at all
 - Governs what contractors can use <u>outside of performance</u> of the contract
- DoD has authority to expand list of covered Chinese companies (but has not yet)
- Exceptions: (1) Service that connects to facilities of a third party (e.g., backhaul, roaming, interconnection); (2) equipment that cannot route/redirect user data traffic or permit visibility of any user data or packets
- <u>Waiver</u>: Agency could waive until 2022; now only Director of National Intelligence (DNI) can







Requirements Relating to Non-U.S. Technologies (cont.)

Section 889 of the FY19 NDAA (cont.)

- Section 889 Key Risk Areas:
 - Still operating under <u>interim rules</u> from 2020, without detailed definitions or guidance (final rules not anticipated until May 2026)
 - "System," "use," and "telecommunications equipment" are not defined
 - "Substantial or essential component" is defined as "any component necessary for the proper function or performance of a piece of equipment, system, or service"
 - <u>Little case law</u> has developed (although a court did confirm that using covered equipment pursuant to a DNI waiver on one program does not necessarily prevent award of new contracts on another program; *see QED Grp. LLC v. United States*, 175 Fed. Cl. 349 (2025))
 - Solicitation/contract clauses require <u>reasonable inquiry</u> and <u>representations</u> on compliance
 - Long lists of covered equipment (smartphones, tablets, laptops) and Chinese affiliates
 - Covered technologies are still in use in much of Europe; see "Spain's Huawei Deal Exposes
 EU Security Fault Lines," EE Times (Aug. 18, 2025); "EU tech chief sounds alarm over
 Spain's Huawei contract," Politico (Sept. 17, 2025)
 - Difficulties in tracking use of technology by employees outside federal contracts (Part B)







Requirements Relating to Non-U.S. Technologies (cont.)

FASCSA

- Prohibits contractor reliance on covered IT/telecommunications sources, products, or services deemed to be vulnerable (1st coverage designation made in Sept. 2025: Acronis AG of Schaffhausen, Switzerland. Applies to contractors of intelligence community agencies.)
- Regulations: 41 C.F.R. Part 201-1; 48 C.F.R. Subpart 4.23 (latter is still interim rule; final rule anticipated April 2026)
- <u>Federal Acquisition Security Council (FASC)</u>: Interagency council that recommends issuance of exclusion and removal orders designating covered articles under FASCSA
- Exclusion Orders
 - Limit the sources, products, and services an offeror can list in a federal proposal
- Removal Orders
 - Require contractors to change their sourcing of products and services during performance of a federal contract or subcontract
- Covered Articles
 - IT, telecommunications, cloud computing, information processing, hardware, software, etc.
 - Coverage depends on multiple factors: security, FOCI, and other supply chain risks







Requirements Relating to Non-U.S. Technologies (cont.)

FASCSA (cont.)

- FASCSA Key Risk Areas:
 - Administrative appeals procedure for sources contesting designation is untested and may not ensure timely due process
 - Interim rule is unclear regarding details of compliance (e.g., conflicting statements regarding when to take action to mitigate use of covered articles)
 - Interim rule does not expressly confirm that contractor is entitled to adjustment in contract price to pay for cost of removing a newly designated covered article
 - Contractors must consistently monitor SAM.gov for new FASCSA orders to ensure their proposals and contract performance are compliant
 - Reasonable inquiry and reporting requirements







New Priorities of the President

DEI/Gender Certifications

- EO 14173 prohibits:
 - Federal contractors and grantees from considering "race, color, sex, sexual preference, religion, or national origin in ways that violate" – nothing new here
 - But requires the inclusion of a "Certification Provision" whereby contractors and grant recipients must affirmatively certify "that [they do] not operate any programs promoting DEI that violate any applicable Federal anti-discrimination laws"
 - Any contractor or grant recipient who continues to engage in prohibited discrimination or maintains certain affirmative action programs or DEI policies will risk liability under the False Claims Act by virtue of submitting invoices to the government for payment
- Numerous lawsuits have been filed, but currently no nationwide or agency-wide injunction
 - Some discrete injunctions in certain states and with certain agencies
 - Cases are slowly working their way through the courts but have yet to obtain a full merits-based decision on constitutionality
- Importantly Focus is on U.S.-based anti-discrimination laws
 - Thus, for contractors/subcontractors, this is most applicable in the employment context, and U.S. employment anti-discrimination laws do not apply outside the U.S. (with very limited exceptions)







New Priorities of the President (cont.)

DEI/Gender Certifications (cont.)

On July 29, 2025, AG Bondi issued guidance to federal agencies and recipients of federal funding, which gave "a non-exhaustive list of unlawful practices that could result in revocation of grant funding," which included:

- 1. Unlawful Preferential Treatment: Providing "opportunities, benefits, or advantages to groups based on protected characteristics that disadvantages other qualified persons"
 - E.g.: Race-based scholarships, hiring candidates from underrepresented groups, safe spaces based on race
- 2. **Prohibited Use of Proxies for Protected Characteristics**: Using "ostensibly neutral criteria that function[s] as substitutes for explicit consideration of" protected characteristics
 - E.g.: Cultural Competence requirements, geographic or institutional targeting, diversity statements
- **3.** Unlawful Segregation Based on Protected Characteristics: Organizing "programs, activities, or resources [to] separate[] or restrict[] access based on race, sex, or other protected characteristics"
 - E.g.: Race-based affinity groups or facilities, workshops that exclude majority groups
- **4. Unlawful Use of Protected Characteristics**: Considering a protected trait "as a basis for selecting candidates for employment, . . . contracts, . . . or program participation"
 - E.g.: Diverse slate hiring policies, prioritizing WOSBs or MOSBs, scholarships for underrepresented groups
- 5. Training Programs That Promote Discrimination or Hostile Environments: Holding "training programs" that "stereotype, exclude, or disadvantage individuals based on protected characteristics"
 - E.g.: DEI training that discusses white privilege or toxic masculinity







New Priorities of the President (cont.)

Procurement Consolidation

- <u>EO 14240</u> Designates General Services Administration (GSA) to procure common goods and services for domestic components of U.S. government and as executive agent for all government-wide acquisition contracts for information technology
 - Implementation details still in development
 - OMB Memo M-25-31
 - Increases use of centralized contracts managed by GSA (especially widely available commercial products and basic services), moves procurement from other agencies into GSA
 - Identifies categories of common goods/services (Facilities & Construction, IT, Professional Services, Human Capital, Medical, Security/Protection, Travel, Industrial, Office Mgmt., Transportation & Logistics)
- "Revolutionary FAR Overhaul" (RFO)
 - EO 14275 Will remove Federal Acquisition Regulation (FAR) provisions unless required by statute or for simplicity, usability, efficacy, or protection of economic/security interests
 - EO 14271 Reinforces statute requiring procurement of commercial items when practicable
 - Recent Revision to FAR Part 8 Will require purchasing commercial items available through certain existing contracts if designated as "required use" (has not yet occurred)







Foreign supplier access to UK government procurement market





Market access

Legal protections for foreign suppliers

• Brexit Paradox

- EU procurement law required the UK to open its procurement markets.
- Leaving the EU fundamentally about regaining sovereignty over UK laws and policies.
- Expectations that Brexit would enable a more protectionist "Buy British" approach.

UK Procurement Act 2023

- Largely maintains international openness.
- "Treaty State Suppliers" have secured and assured access (i.e., without discrimination) to UK procurements covered by the UK's international commitments.
- Covers a broad range of countries (e.g., WTO Government Procurement Agreement (GPA) members including the USA) and contracts (but with some exceptions, e.g., defence).
- Non-treaty state supplier or covered contract? No legally secured or guaranteed access. But, in practice, generally allowed access to participate subject to geopolitical headwinds.







Market access

Potential Barriers

- De Jure lawful "buy British" measures
 - UK permitted to restrict access to domestic suppliers only in limited circumstances (e.g., single supplier, urgency and national security)
- De Facto indirect barriers
 - Often stringent requirements. Financial standing; insurance; IT and information security; personnel (clearances); track record.
 - Detailed list of exclusion grounds which include offences committed in other jurisdictions.
 - Exclusion on national security grounds also possible.
- A Closed Door? Strategy for Initial Participation:
 - Partnerships: participating as a consortium member, subcontractor or supply chain
 - Investment / Acquisitions





Market Opportunities

Pathways

• Procurement Arrangement Types:

- Contracts: Traditional direct awards for specific goods, services, or works.
- Framework Agreements: Closed agreements with pre-approved suppliers, streamlining future procurements within defined categories.
- Dynamic Markets: Like Framework Agreements, but new suppliers are permitted to join at any time, enhancing access for SMEs.

• Procurement Procedures:

- Open Procedure: Single-stage process where any interested party can submit a tender.
- Competitive Flexible Procedure: Replaces previous prescriptive procedures, offering greater flexibility for contracting authorities to design their own competitive processes (e.g., multi-stage, negotiations, demonstrations).
- Direct Award: Tightly restricted but may be available in certain cases, e.g., where competition is not feasible.





Market Opportunities (cont.)

Dos and Don'ts

- DOs:
 - Accept Standard Terms & Conditions: Public Bodies will publish their proposed contractual terms, and (subject to the procurement procedure) these cannot be negotiated.
 - Understand IPR Position:
 - Contractors own foreground/bespoke IP in most cases, often with extensive licensing rights granted to the customer, allowing government-wide usage. Except for highly sensitive assets/security..
 - Specific terms exist for commercial Off-The-Shelf/Modified Off-The-Shelf software.
 - Liability Caps: All suppliers' liability is capped, except in certain specified cases (e.g., VAT, income tax, national insurance, contractor employee claims, third-party IP rights, and TUPE transfer liabilities).
 - Engage with the Q&A Process
 - **Focus on the Scoring Criteria:** It is FUNDAMENTAL to answer all questions posed in the tender A bid's success is directly linked to the clarity, completeness, and persuasiveness of your submission.
 - Register on the Central Digital Platform: This is a 'tell us once' registration of corporate information necessary prior to submission of any bid (including as a subcontractor).







Market Opportunities (cont.)

Dos and Don'ts

• DON'Ts:

- Do NOT Attach Your Own Terms & Conditions Submitting your own terms and conditions is likely to lead to your bid being rejected. Unless expressly permitted.
- Lobbying or Canvassing: Direct lobbying or canvassing of the customer's staff outside the formal procurement channels is strictly prohibited – all communication must be via official tender processes.
- Collusion: Any form of collusion with other bidders (e.g., bid-rigging, price-fixing) is illegal and will lead to severe penalties, including exclusion from current and future procurements.
- Address All Requirements: Incomplete bids are rejected. Leaving sections unanswered or failing to meet mandatory requirements will result in immediate disqualification.
- Negotiation? Whether there will be an opportunity for negotiation depends entirely on the specific procurement procedure selected by the customer. Do not assume you will be able to negotiate terms unless explicitly stated.







Market Opportunities (cont.)

Growing Visibility in the UK Market

- Role of Embassies & Trade Bodies:
 - **National Embassies**: Leverage your national embassy for market insights, introductions, and potential support in navigating the UK ecosystem in your sector.
 - Trade Associations:
 - Join key UK trade associations in your sector.
 - Access their networks, industry insights, events, and support for SMEs.
 - Benefit from their lobbying efforts and engagement with UK public sector customers.
- Commercial Events & Networking: Major UK Shows; Industry Days; etc.
- Finding Tender Opportunities:
 - $-\ {\it Official\ UK\ government\ portals-find\ a\ tender}.$
 - Specialized platforms used in certain sectors.
 - Monitoring early announcements of future procurement needs to align your strategy and engage early.
 - *Direct engagement with target customers.*





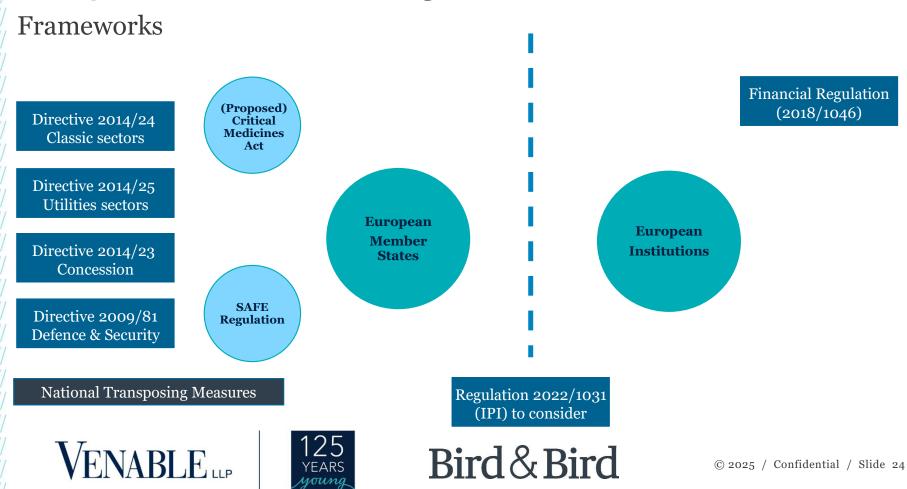


Foreign supplier access to EU government procurement market





European Procurement Regulations



Market access (National Member States)

Direct Barriers

• **Key Principle:** Non-EU Companies have **no guaranteed access** to national procurement (Article 25 of Directive 2014/24 - transposed in Member States, e.g., Article 4 of Belgian Law of 17 June 2016)

<u>In so far as</u> they are covered by Annexes 1, 2, 4 and 5 (8) and the General Notes to the European Union's Appendix I to the **GPA** and by the **other international agreements** by which the Union is bound, contracting authorities shall accord to the <u>works, supplies, services and economic operators</u> of the signatories to those agreements treatment no less favourable than the treatment accorded to the works, supplies, services and economic operators of the Union.

Access Framework:

- GPA/International Agreements: guaranteed access (subject to thresholds and exception).
- No International Agreement: access may be denied by contracting authorities.
- Case-by-case analysis required for each procurement.
- **Security exception** (Art. III of GPA): Public order or safety, protection of human/animal/plant life or health, protection of intellectual property, and matters relating to goods or services from persons with disabilities, philanthropic institutions, or prison labour.
- Sector-Specific Rules: Defence (SAFE Regulation applies for common procurements) Pharmaceuticals (Proposed Critical Medicines Act)

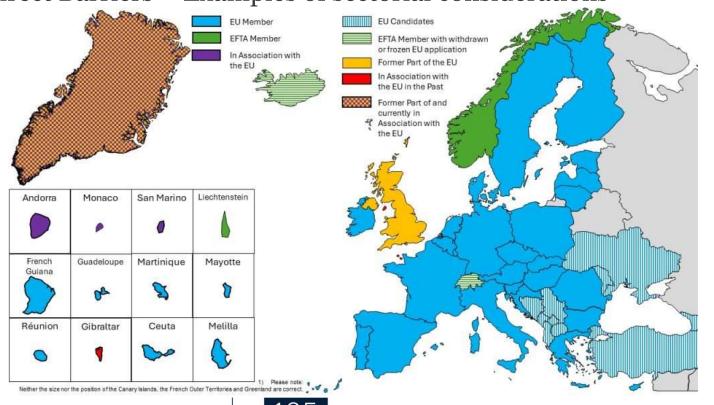






Market access (National Member States) (cont.)

Direct Barriers – Examples of sectorial considerations



Other third countries companies and products

- Bilateral/Multilateral Agreements with the European Union
- EU/UK Summit (19.05) –
 Summary of the General
 Secretariat of the Council

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Market access (National Member States) (cont.)

Indirect Barriers

• Administrative & Technical Requirements:

- Formal compliance: Electronic qualified signatures, language barriers
- Foreign subsidies control: Mandatory notification/declaration obligations
- Financial standing: Stringent financial capacity requirements
- IT and information security: EU-based servers often required, GDPR compliance obligations.

Personnel & Experience Barriers:

- Non-EU staff: Work permit obligations apply.
- Track record
- Exclusion grounds: Include offences committed in other jurisdictions.

• Commercial Terms Challenges:

- Fixed terms: Negotiation Not Guaranteed depends on procurement procedure.
- Limited flexibility depending on jurisdictions: Liability caps not always negotiable and own T&Cs prohibited.
- Mitigation strategy: engage actively in the Q&A Process to seek amendments.







Market access (European Institutions)

Barriers

- General Procurement Access (Art. 179 of the Financial Regulation):
 - **Default Access**: Entities within the scope of the Treaties (EU Member States)
 - Entities from Third Countries: Access may be denied (which is observed more in practice), subject to **GPA or other international treaties.**
 - For contracts managed by **EU Delegations abroad**, local entities in that third country can participate.
 - All participation is subject to IPI measures (Regulation 2022/1031).
 - Waiver on a case-by-case basis.
- External Action Procurement: Specific rules (Art. 182 of the Financial Regulation)
- Persistent **Indirect** barriers:
 - Foreign subsidies control (notification/declaration requirements)
 - Selection criteria (financial standing; IT security; personnel; track record)
 - Exclusion grounds
 - Lack of negotiation, depending on the specific procurement procedure







Market access

A Closed Door? Strategic Workarounds

- Case-by-case analysis for both National Procurements and EU Procurements
- When Direct Access Is Denied:
 - Supply chain participation: Indirect market entry through EU partners
 - Investment in / Acquisitions of a European entity (subject to specific conditions)
- Even with Direct Access Avoid Indirect Exclusion:
 - Supply Chain Vigilance, specifically restrictions based on the origin of goods or restrictions applicable to subcontractors/partners from third countries
 - Strategic Preparation:
 - Internal alignment: Pre-negotiate waiver of standard T&Cs;
 - Preparation of the Bid is fundamental;
 - Process engagement: Maximise Q&A opportunities vs limited negotiation rights;
 - Personnel availability (Are they available on side; secondments?);
 - Documentation portfolio: criminal record; company statutes; financial standing; etc.





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Questions?





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