INTERNATIONAL CONTRACTING

**Contract Management in
Complex Construction Projects**

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Complex Construction Projects**

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Published by

Imperial College Press
57 Shelton Street
Covent Garden
London WC2H 9HE

Distributed by

World Scientific Publishing Co. Pte. Ltd.
5 Toh Tuck Link, Singapore 596224
USA office: 27 Warren Street, Suite 401-402, Hackensack, NJ 07601
UK office: 57 Shelton Street, Covent Garden, London WC2H 9HE

British Library Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library.

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ISBN 978-1-908979-50-6

Typeset by Stallion Press
Email: enquiries@stallionpress.com

Printed in Singapore

Foreword

Nowadays, large contractors, like Ballast Nedam, act more frequently as a system integrator to deliver construction projects in the complex international environment. More and more clients request integrated solutions from a life-cycle perspective. Hence, contractors have to assume more responsibilities and risks to create added value for these clients. Requests for tender often include responsibility for design, maintenance, operation or even financing the project. As a result, our clients' contracts have become very complex to manage and execute.

Creating maximum value and mitigation of risks can only be realized if all parties in the supply chain work together effectively. Aligning the objectives and agreements among all parties involved is essential to create a seamless team in projects. It is also essential to avoid conflicts and, when conflicts occur, to solve these effectively. Every manager in the contracting business, that is, area managers, tender managers, project managers, and procurement managers, should have sufficient knowledge of the principles of contract management and the most important contract models that are used. In Ballast Nedam's vision, contractual awareness is an essential competence for such specialists in order to be able to improve the added value for our clients, for ourselves, and for our supply chain partners.

Because of this vision, Ballast Nedam was one of the founding partners of the International Contracting Program at TiasNimbas Business School, at Tilburg, the Netherlands. This international program is specially designed to satisfy our company needs for an executive training on contractual awareness, based upon a mix of academic knowledge and practitioner experience. The true value of the program is that it has been organized around real-life case studies taken from the international contracting business. It has been a great success since it began in 2008. This success is the result of the effort of all participants: trainees, trainers, founding companies, and TiasNimbas Business

School. I am delighted that all the knowledge that has been built up during these years is brought together in this book. I would like to thank John van der Puil and Arjan van Weele for their enthusiasm and effort during the development of the program and the writing of this book.

International Contracting: Contract Management in Complex Construction Projects is easy to read and very practical, due to its unique mix of practitioner insight and academic theory. It is a must for project managers, tender managers, area managers, and project engineers working in a complex international context. Enjoy reading this book and good luck with your next international challenge!

Romeo Malizia
Chief Operational Officer
Ballast Nedam N.V.
The Netherlands

Preface

Local contractors need to make great efforts to win a contract from a client in a very competitive arena. When the contract is signed, subcontractors and materials suppliers need to be mobilized. Different requirements, with different business partners, will result in different relationships within different contractual arrangements. Most construction firms today are orchestrators of fairly complex supply chains. They need to orchestrate the activities of a wide range of different business partners and to do so meticulously, in order to meet the client specifications and requirements. They also need to orchestrate the commercial arrangements underlying these relationships.

International contracting is even more complex. Large contractors today operate in different cultural environments to deliver multimillion or even multibillion road and rail works, airports, harbors and adjacent industrial areas, oil platforms, power plants, wind-energy farms, energy-distribution infrastructures, and a wide range of buildings.

For many years, the scope of Dutch contractors has been truly international. The Dutch have a good reputation for designing and realizing complex infrastructural works across the world. Over the years, engineering and project management have become more sophisticated. As well as contract management, large employers and clients today use complex contracts to create maximum value for money and mitigate risks related to their investments. Rather than just constructing what an architect or client may have envisaged, contractors are now faced with assuming design and engineering responsibilities. In some cases, they also may be requested to finance, operate, and maintain the infrastructure that they built! As a result of this, the risk exposure has changed dramatically in the contracting industry. Large clients and employers increasingly want to shift their risk to their contractors. International contracting has become a risk game; hence, international contracting has become a contracting game.

Where traditionally contractors have invested heavily in design and engineering, project planning and management, contract management still needs important improvements. Most project engineers and managers have a technical background. Increasingly, apart from technical challenges, they are faced with interface problems that need to be solved in the relationship between the contractor and the employer on one hand, and the contractor and its suppliers and subcontractors on the other hand. In doing so, effective arrangements need to be made between all parties involved and, when agreed, these arrangements need to be followed up. In complex projects, it is understandable that conflicts will emerge. This explains the need for project managers to be acquainted with the principles of contract management, and the most important contract models that are used. Project managers need to understand what they can do to avoid conflicts with business partners, and when they occur, how to solve them.

Surprisingly, the opportunities to get acquainted with modern contracting in an international context are limited. Most training courses and executive education are aimed at accountants, lawyers, and legal counsels. Here, business law, tax law, and contract management are taught from a specialist, legal perspective. Little training and education on contract management and international contracting is provided from a business perspective. Such a perspective would allow project managers to understand the principles underlying business law and contract management. Next, it would allow them to get an insight into the main legal arrangements laid down in rules and regulations, in order to judge at what time they need to solicit specialist legal advice. In essence, they need knowledge and insight, which does not need to be as detailed as legal counsels would require. Therefore, general training for legal counsels and specialists would not be attractive to them.

In 2007, the authors were requested by TiasNimbas Business School, the Netherlands, to design a program on international contracting for its three consortium partners, Ballast Nedam, Royal Boskalis, and Heerema Fabrication Group. The program was to be aimed at project managers, tender managers, regional managers, and project engineers. To meet their specific training needs, we decided to organize a workshop with representatives of these companies. This resulted in a program that we have conducted many times since then. As most people primarily learn by doing, we opted for an interactive course design built around real-life case studies, which were obtained from the practices of these companies. This format proved to be very successful. On top of that, it proved to be very enjoyable. The settings, which were designed in close collaboration with the steering committee, consisting of representatives of the three companies and TiasNimbas Business School,

allowed for learning, both by participants and teachers. During our discussions, many new insights and ideas were developed, and many gaps in knowledge were identified. As a result, we decided to write this book, in order to honor our participants and their leaders; also, to contribute to the international contracting domain.

This book offers a blend of theory and practice. Chapters are built around introductory cases, practical illustrations and core text. Each chapter ends with an overview of the most important conclusions and findings. We include a large number of subjects and describe them in different chapters. In relations with an employer, a subcontractor, a surveyor, an agent, a supplier, a vendor or a banker, discussions are never restricted to one chapter only, because in one meeting multiple aspects come together. Therefore, the index will help the reader to find their way.

We are thankful to all project managers, tender managers, procurement managers, financial directors, technical directors, design engineers, account managers, company lawyers and company secretaries, technical assistants, draftsmen, foremen, logistic managers, captains and marine officers for their openness; they gave us an insight into their interesting, urgent or important problems. We made cases out of their experiences, changing the reality where necessary in order to retain confidentiality.

It was a challenge and a pleasure to write this book. We hope it will be a challenge to read it. And yet, not all subjects are included. We did not write about the “as-built” principle, and a chapter about insurance is absent. If any reader is missing other topics, please do not hesitate to contact us. We hope to come back to supplementary subjects in a second edition.

John van der Puil

Arjan van Weele

Rotterdam/Maarssen, September 2013

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Acknowledgments

First and foremost, we appreciate the confidence and trust which the steering committee showed when they put a small fund together to allow us to write this book. Without their motivational support, this book would not have been feasible. We therefore want to thank Rik Lammes, Director of Projects at Heerema Fabrication Group; Erik Kruizinga, Head of Legal Affairs at Ballast Nedam; Marjolein Zeebregts, HR consultant; and Jan de Hartog, Director of Human Relations at Boskalis; and also, through them, their companies.

In order to make sure that the book would truly meet the needs of business practitioners, a review committee was formed. Its members went over the text meticulously. We would like to thank again Erik Kruizinga, as well as Jeroen Hein, Project Manager, Ballast Nedam; Jan Willem Prakke, Head of Legal Affairs, Schiphol Airport; Tino Vinkensteen, Vice President at Heerema Fabrication Group; and Bernd de Looff, Legal Counsel of Boskalis, for having read the text so carefully and for having provided us with so many constructive comments and suggestions. As a result of their interventions, the structure of the book was changed and the text has become more readable, focused and, more importantly, more relevant.

Over the past years we have worked intensely with the staff of TiasNimbas Business School. Being an outstanding business school in the Netherlands, we thank its Dean, Professor Doctor Philip Joos, and his management team — first of all, its Director, Miranda Bol, for allowing us to explore international contracting as a business domain. We also want to thank TiasNimbas Program Managers Mark Vincken, Wim Gent and, especially, Sanne Bruinstroop, who took care of all contractual arrangements and who proved to be a very professional contract and relationship manager by nature! A special word of appreciation goes to Marieke Boudewijns, who acted without exception, and relentlessly, as a professional and efficient support manager. It has been a true pleasure to have worked with you all.

Finally, we also want to thank our publisher, Imperial College Press, for the constructive collaboration. We are thankful for the positive comments of the reviewers who were summoned by ICP to judge the quality and commercial opportunities for this book. We are very grateful to have worked with Commissioning Editors Kellye Curtis and Lance Sucharov. Editorial Manager Jacqueline Downs was our editor; her support was more than expected.

We have tried to be very careful when making appropriate references to external resources, to make sure that we have not used quotes or any material without proper reference or permission. In those cases where we have been neglectful, we would appreciate it if you would let us know. We will then do everything possible to correct errors that have been made. We are responsible for them.

Being able to teach to practitioners and seasoned managers is both a challenge and a privilege. This is how we see it. It is a challenge to keep their minds and brains focused during classroom sessions, since we know how precious time can be for busy people these days. It is also a privilege to be able to engage in discussions and real-life problems, which participants do share, in and outside our classrooms. These discussions have opened our eyes and hearts to the interesting contracting world. As the saying goes: "Nothing is more practical than good theory." However, we would add: "...provided that the theory is derived from the best practices". It is of extreme importance that practitioners open up to academics and researchers. This is what they did. We are grateful for that.

Of course, many of the discussions have been done in our spare time. Writing takes a lot of time; it cannot be done during working hours. Thinking about how to structure the book, what concepts and examples to include or to leave out, requires time for contemplation and reflection, which the working environment does not allow for. We are very fortunate to live our lives with partners who understand our personalities and our zeal and zest for new knowledge. Some people like to go abroad when they travel; we like to travel with our minds. This explains why we were not always present, even when at home. We are aware that we have sacrificed precious time that we could have spent with the persons who are most dear to us in life. We thank you, Florine and Ineke, for having given us the time and freedom to work on what we felt was something that we needed to do. We will make up for it!

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Introduction

Where it all started

This book is the result of an executive program on international contracting, which has been taught by the authors since 2008 to project directors and managers of large contracting companies in the Netherlands. In 2007, three of these companies, Ballast Nedam, Boskalis, and Heerema Fabrication Group, requested that TiasNimbas Business School of Tilburg University design and arrange such a program for their international project and engineering managers.

In order to arrive at a unique blend of academic knowledge and practitioner insight, we, during a workshop, invited a selection of project managers and legal experts to design an initial program structure. This resulted in one of the best — and one of the most attractive — programs that we have ever taught.

We decided to build the program around a few key principles.

First, the program should reflect every aspect of the contract cycle, beginning with the invitation to tender, up to the delivery of the project and handling of guarantee claims. Our objective was to show how interrelated each part of the contract cycle is and how that interrelationship affects business and personal relationships. Obviously, the contract cycle needed to be discussed in relation to business strategies and project management practices.

Second, it was decided to build the program around real-life case studies, taken from the actual practices of the companies involved. Project managers are pragmatic people. They have a busy agenda. They don't like theory, as they don't see the practical value of it. They have a lot of experience. They do not want to sit and listen. They want to act and engage. Therefore, we decided to develop case studies, which could serve as vehicles for discussion and the exchange of knowledge and experience among future participants.

Hence, we devoted ourselves to the time-consuming activity of writing cases based on their rich and fascinating stories. You will not find all of them in this book.

Third, we opted for a mix of academic knowledge and practitioner experience. Each case study would be discussed, and, at the end, put into some theoretical perspective or framework. Theory helps practitioners to structure their ideas and practices. As authors, we feel that nothing is more practical than good theory. However, in management, these theories should be derived from actual practices.

After having designed the program, we submitted our ideas to a steering committee with representatives of the founding companies, and TiasNimbas Business School. Some of these members were present during the first pilot of the actual program. Today, this steering committee is still around. Twice a year we review the program based on participant evaluations, and discuss what needs to be improved. Discussions are always constructive and insightful, and provide a vehicle for learning to all who are present.

Teaching the program is always a pleasure to us. We learn so much from it. Due to the interactive design, practitioners present their ideas and suggestions, as well as new business problems that they are confronted with in the exciting world in which they live. For every course, we have summarized the results of small group and plenary discussions into case reports, which later may serve as references for the participants. The contents of these case reports, as well as the many ideas, problems, and case studies that were shared during the program, inspired us to write this book. As the international contracting world is becoming more professional and complex, and our world becomes more dependent on the success of large infrastructural projects (and, in some cases, is becoming increasingly exposed to societal damage when projects go wrong), we felt that practitioners and project managers operating in this world could benefit a lot from our experiences and insights.

What this book is about

This book is about international contracting and contract management. These subjects are discussed from an international perspective, as large engineering, construction, and contracting firms operate all over the world. However, since the founding companies of the program are Dutch, we have also given our attention to the specific European context. Most of the book, however, deals with international contexts. Large infrastructural, engineering, and construction projects create the background for the book. In international contracting, projects range from oil platforms that need to be built by

contract engineers for large oil companies, to the design and construction of harbor facilities in an emerging country, which are financed by the World Bank. Projects like these form the background of our book. The international contracting world is a fascinating one.

In conceiving and creating these large international projects, a lot of stakeholders are involved. We had to choose what perspective to use when dealing with the different topics. We decided to write the book from the perspective of the contractor. This may be considered a weakness, since successful projects are always co-created, i.e. realized in close collaboration between employer, contractor, subcontractors, and other stakeholders (e.g. local governments, investors, consultants). We chose the perspective of the contractor since he is, for the completion of the specific project, the central actor. The contractor needs to translate the requirements from the employer into a design and project plan. Next, he needs to negotiate a contract. After signing the contract, he needs to align subcontractors and materials suppliers. Finally, it is the contractor who has to deliver the realized permanent works to the employer. He also needs to secure and arrange all necessary permits. An increasing complexity is represented by stakeholder management, i.e. managing the interests and interrelationships with parties that are or may be affected by the project (neighbors, environmental associations, trade unions, local pressure groups, etc.). Contractors are confronted with most of the complexity in the value chain and therefore may serve as an excellent subject for our study.

In our book, we will use the term employer for a client, customer or principal, i.e. a person, company or public institution that has a specific need and wants to have a specific project completed. We will use the term contractor to designate the engineering firm, construction firm, the consortium or alliance that is selected by the employer for accomplishing the work. We will differentiate between the subcontractor and suppliers. Suppliers are those providers that deliver primarily components and materials to the work. Subcontractors are those companies that provide a combination of knowledge, services and materials to the work of the contractor.

Other terms that will be used are project manager, tender manager, procurement manager, contract manager and legal counsel. The project director, or the project manager, is the person responsible for managing the project within the targets and boundaries provided by the corporation. The tender manager is the person responsible for analyzing an invitation to tender from a potential employer and preparing the bid, which is going to be presented. The procurement manager is the person responsible for selecting and contracting subcontractors and materials suppliers. Next, the contract manager is responsible for managing all contractual aspects in a relationship with

employer, project partners, and key suppliers and subcontractors. The legal counsel is the legal specialist, who is called on for specific legal advice for putting contracts together and to solve specific legal issues, which may emerge during the project.

The book is structured around the contracting cycle. Some of the book deals with the role of the contractor in international contracting, the tender process, landing and negotiating the contract, the types of contract that are used, problems that may occur during project execution, project delivery, and handling guarantee claims. Some chapters will deal with very specific issues that may occur during project execution. Other chapters deal with issues such as how to manage variations, how to handle damage to contract parties and third parties, differences between responsibility and liability, *force majeure*, dispute resolution, and how to deal with lawyers.

Target audience

This book is primarily written for business practitioners operating in the international contracting industry. It is assumed that the reader has a clear picture of his industry and/or experience in it. Furthermore, the book assumes a basic understanding and knowledge of theories related to project management, construction engineering, business law, and economics.

This is not an academic book. However, due to its unique blend of practitioner insight and academic theory, it can be taught in courses at universities at the master level. As most engineers will, beyond a doubt, deal with contracts in their work, this book is specifically recommended for engineering programs both at the Bachelor (BA) and Masters (MSc) levels. Lawyers will find the book useful for understanding the business context in which their customers and/or colleagues work. A legal framework is not a purpose in itself. It needs to enable companies and public institutions to conduct better business and develop better business relationships. Since, in most legal literature, this perspective is missing, we feel that this book fills that gap.

Given the scope of this book, the prime audience for it consists of:

- Project directors and managers of large, international engineering and construction contractors, who are responsible for managing complex technical projects within targets imposed by the corporation.
- Area managers, who are responsible for supervising different large projects in different cultural and legal environments.

- Tender managers, who need to analyze invitations to bid from employers, and who need to orchestrate the process of bid preparation.
- Field engineers, who frequently interact with employers and subcontractors to get things done in their projects.
- Procurement managers and professionals, who need to select the right subcontractors and materials suppliers for the projects and who need to align these to the project objectives.
- Legal counsels, who need to support tender managers and project managers in preparing and finalizing contract documents in a relationship with both employers, subcontractors, materials suppliers and, in some cases, investors.

The various chapters may explain why contract management is a key activity for project directors and managers. The book should help them understand that clear contracts are perfect instruments for delivering top quality in business. Also, it should help them to understand what specific legal issues may come into play. As a consequence, as soon as the scope of the work has been designed, the project manager will be able, based upon this book, to involve his legal counsel or contract manager more effectively in his daily work.

How this book is structured

This book has 25 chapters, which are divided into three parts. Each chapter is structured around a consistent format:

- Introduction. Each chapter begins with an introductory case, which highlights the practical relevance and provides an introduction to the topic.
- Core text. Next, the chapter will provide core text to acquaint the reader with the topic.
- Boxes. Boxes in the chapter will provide small case studies and/or best practices.
- Figures. Figures are used to illustrate the text.
- Conclusions. Each chapter concludes with a summary presenting the most important teachings and recommendations.

In this way, we hope to contribute to a better readability and understanding of the topics that are described.

Part I: International contracting: Defining the playing field

This part sets the scene. It explains the context of the book and provides definitions and concepts that will be used in later chapters. It also describes the relevance of the subject to international contractors and society.

Chapter 1 presents one of the most disastrous projects that the modern world has been confronted with: the BP oil spill. Based upon public documents, an analysis is made of the sequence of events that led to this disaster. As in most cases, various causes lie at the heart of the BP oil spill. Apart from an analysis of the damage done to various stakeholders, the effects on future rules and regulations for the contracting sector are discussed. This chapter sets the scene for the rest of the book.

Chapter 2 discusses the role of contracting in international business. International competition forces large contractors to deliver integrated solutions to their employers. Contractors need to choose to specialize in specific activities or to provide integrated solutions. Most Western contractors choose the latter. This implies that increasingly they are moving up the supply chain and are operating as supply-chain integrators. In this role, they should be able to orchestrate the activities of a network of subcontractors and materials suppliers in order to meet customer requirements. This orchestration requires a careful contracting strategy.

Chapter 3 discusses different clients. In international contracting, assignments may be obtained from private customers, as well as public clients. Tender procedures among these two types of clients are vastly different and become more systematized and bureaucratic. Next, different structures are used to realize complex projects. In this chapter we will discuss the specifics of public-private partnerships.

Chapter 4 provides an overview of important contract management concepts and definitions. Common problems, which may occur in customer relationships and project completion, are discussed. Different perspectives are presented in how to structure relationships in the project industry. These perspectives include the dyadic perspective, supply-chain perspective, and the value-chain perspective. The chapter will make clear that, depending on the perspective, different alternatives for solving problems may arise.

Part II: The contracting cycle

Chapter 5 discusses the various elements of the contracting cycle. Subjects discussed are the invitation to tender, how to land the contract, contract

negotiations and closure, subcontracting and project execution, testing delivery and payment, as well as claims handling and dispute resolution. As such, this chapter serves as an important reference for the following chapters.

Chapter 6 discusses the process of European tendering. Public institutions are not free in how they award business to contractors. In Europe, they are bound to the European Directives on Public Procurement. The principles underlying these directives are discussed. Next, the most important procurement procedures that are used by public institutions are presented.

Chapter 7 presents an overview of downstream contracting, i.e. the way contractors could select and collaborate with materials suppliers and subcontractors. Definitions on procurement and supply management are provided. Important purchasing procedures are discussed and a portfolio-management method is provided to decide how to differentiate among subcontractor and supplier relationships. Next, specific operational and legal problems related to subcontracting are discussed.

Chapter 8 discusses the role and importance of standard contracts in international contracting. First, different basic contract types are presented. Here we will discuss the lump-sum contract, cost-reimbursable contract, and the unit rate or charter contract. Many contracts use a mix of these basic contract types. In preparing a contract, employers, as well as contractors, fortunately, can use different international templates that are utilized to arrange for contractual relationships. Here, FIDIC, LOGIC, and BIMCO contracts will be highlighted.

Part III: Project and risk management

Chapter 9 is about project and risk management. Managing complex engineering and/or infrastructural projects is all about managing risks. Risks need to be identified at the tender stage. Such an analysis should result in a risk classification: high, medium, and low risks that may affect the project outcome. It may also appear that some risks cannot be accepted, due to the companies' risk policy.

Chapter 10 deals with the important subject of managing variations. Variations are natural to any project. However, they can have severe financial consequences for project lead time, project results, and employer and supplier relationships. In this chapter we will provide clear guidelines on how to act on variations and how to arrange for variations in a contract. It will become clear that a good project-management administration is key to this activity.

Part IV: Legal issues in international contracting

This part deals with various legal issues that may occur at several stages of the contracting cycle. Each chapter results in some clear and practical guidelines on how to handle and act on specific legal issues.

Chapter 11 discusses the Letter of Intent and Memorandum of Understanding. It will become clear that both documents differ in nature. However, both have an important role to play in getting parties closer to a deal.

Signing a contract requires particular attention, as Chapter 12 explains. A loophole lies in the circumstance that most standard contracts contain clauses, which exclude all foregoing proposals and deviations discussed during negotiations. The final negotiated scope of work is added to the contract and that's it. What is not in the signed documents is of no value to the parties. There are more points for attention, which are highlighted in the chapter.

Next, liability versus responsibility will be discussed in Chapter 13. A project manager is responsible for performing a certain task; in case of non-succeeding, the company as a legal body is liable under the contract. Here, referred issues are discussed, as well as indemnities that may be asked for among the contract parties.

Chapter 14 deals with the difference between guarantee clauses and warranty clauses. This seems a rather theoretical issue for specialized lawyers, but it is better to understand the difference.

There is not a single project that has been accomplished without damage. Damages may relate to contract parties or to third parties. Here, a difference between contract law and tort law is made. Chapter 15 deals with this difference, and with contractual mechanisms for arranging for damage control in contracts. Such arrangements may relate to preventing damage upfront or settling for damage when it unfortunately occurs.

Chapter 16 is about consequential losses. Different legal systems deal differently with this subject. In common law, the definition is strict. In continental legal systems, it is the attributable cause that decides whether a party is liable and up to what amount as a consequence of their non-fulfillment of contractual obligations, their actions or omissions.

Chapter 17 is about intellectual property. Knowing how to deal with intellectual property is important, to prevent project managers from being confronted with unexpected claims from third parties.

Chapter 18 describes how to assess damage. We will analyze different causes of damage and how to deal with them. Three causality theories will be explained. We will look at solutions for preventing future damage and find

out how this is done by engineers and by lawyers. It appears that there is a fundamental difference between the two.

Chapter 19 describes an important instrument for risk allocation in the maritime industry, i.e. the knock-for-knock arrangement. English courts have dealt with a number of cases; the principle is not often brought before courts in other jurisdictions. However, in a number of legal systems, gross negligence and willful misconduct will not be honored as arguments to escape liability.

Chapter 20 deals with disasters and parties' responsibilities towards the general public. In this chapter several examples will be presented, where, as a result of natural or other disasters, projects incurred great losses. Suggestions are made to prevent disasters in future. In dealing with the damage of these events, the theory of causality is important.

Chapter 21 is about *force majeure*. *Force majeure* is often used as an argument to avoid damages. However, this chapter will describe what *force majeure* is. It will become clear that only in a very few cases may it be used as an argument before court. Some practical ideas are suggested on how to deal with and minimize the consequences.

Chapter 22 describes the problems around bribery. It informs the reader that bribery is not a firmly defined subject, which in all different cultures covers the same idea. In the UK and the USA, very strict legislation is in force. A warning to all project directors and project managers is in place.

Chapter 23 presents dispute-resolution mechanisms. The major message of this chapter is: beware before you go to court. Firstly, because so many other vehicles for dispute resolution exist; secondly, because going to court takes a lot of time, money and energy; and thirdly, because it is extremely difficult to align the lawyers' interests with your business interests. The chapter also discusses the impact of different law systems on contracts.

Chapter 24 delves more specifically into the similarities and differences between continental law, English law and USA law. There are families of legal systems, which are based on different human values. This chapter will make clear how to deal with the different systems.

Chapter 25 explains that, as contracts are closed between companies and, more specifically, between people, cultural differences greatly impact the relationship and the way in which people deal with contracts. This chapter presents a framework that project managers can use to assess cultural differences. In doing so they can predict what problems might occur during the initial contracting stage, and later at project execution. Contract law is not an exact science. Judgment will always play a role, not only at the business level

but also certainly when going to court. This is why the cultural dimension of international contracting deserves a place in this book.

How to read this book?

Most readers probably will find the first chapters interesting and easy to read. The objective of Part I is to provide an overview of the trends and developments in international contracting and contract management. The BP oil spill represents a warning for the offshore industry and society. As such, it sets the scene for the remainder of the book. Different types of employers (private versus public sector) are explained and different perspectives towards contract management are provided. Therefore, Part I is recommended to all readers.

Part II describes the contracting cycle. In order to become familiar with the contracting cycle, Chapter 5 must be read. As Chapters 6 and 7 are related to European tendering and downstream contracting, these may be skipped by those readers who have only a general interest in the topic.

Part III is about project and risk management. Experts who are already familiar with these topics may skip this part.

Part IV deals with specific legal issues in international contracting. As the variety in standard contracts is very large, reading these chapters is recommended. Readers may choose only the topics that they are most interested in. However, for a proper understanding of the many issues that may emerge prior to or during project execution, we recommend taking notice of all chapters, so that later on, when specific issues in the project may emerge, the reader knows the specific section to consult.