

# Some Experiences of an International Contractor with Disputes in Southeast Europe

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# Outline

- PORR at a glance
- The melting pot - export in construction
- Disputes in reality
- Conclusions



# PORR at a glance

- A modern, international construction group, headquarters in Vienna/Austria.
- Full service provider: Building | Infrastructure | Environment | Development.
- Over 140 years' experience.
- Active in 16 countries.
- Production output of EUR 3bn with around 12.000 staff.



Europea ITC, Bratislava, SLK



Haus der Industrie, Vienna, AUT



PORR headquarters,  
Vienna, AUT



Drava Bridge, Ptuj, SLO



# Market strategy



# The Melting Pot → Industrial Export

## The Melting Pot

- Engineer's interpretation: Know-how and solutions from different construction markets melting together to the benefit of the employer



## Industrial Export

- Term „Export“ derived from the concept of shipping goods out of a port
- Producer manufactures goods under conditions that he prevails
- After production goods shipped to customer





# Industrial Export → International Construction

## Industrial Export

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## International Construction

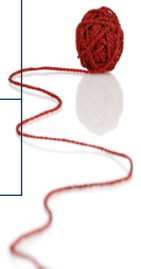
- Inevitably extensive share of local elements (material, workforce ...)
- Export in construction significantly export of know-how
- Fit together with conditions predominated by employer and local framework (legal, economic, social)



# History of disputes at five major infrastructure projects in CEE/SEE

Project value >> € 100m, internationally financed

Project	Claim/Dispute amount (% contract value)	Dispute settlement by contract	Comment
A	25%	Court	Negotiations have lasted for 3 years yet, ongoing
B	25%	DAB	Employer refused to designate adjudicator for ¾ year, every decision is followed by Notice of dissatisfaction, ongoing
C	>25% (contractor's and employer's claims, respectively)	DAB	Arbitration following ICC Rules, ongoing
D	20%	DAB	No DAB necessary, claims negotiated with internationally experienced engineer
E	25%	DAB	No DAB necessary, claims negotiated directly with employer



# Conclusions

- Austrian contractors have learnt to become more selective with involvements in southeastern Europe
- Disappointing economic development of construction projects frequently caused by proliferating disputes
- Details of agreed dispute resolution do not seem to correlate with efficiency of its implementation
- Project culture and mutual proficiency in international project management do correlate with efficiency of dispute resolution
- Export (of know-how, technology ...) in construction demands partnership
- **A DAB is a tool, not a weapon!**





Thank you for your attention.

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