

A REVIEW OF THE FIDIC BLUE BOOK (SECOND EDITION)

ABSTRACT

In 1999, “Fédération Internationale des Ingénieurs-Conseils” (FIDIC) or “The International Federation of Consulting Engineers” published new standard forms of contract, but those contracts did not meet the specific needs of dredging and reclamation work. The IADC contacted FIDIC about the possibility of a separate FIDIC dredging contract, and a Task Group was formed which produced the *FIDIC Form of Contract for Dredging and Reclamation Works* published in 2006.

Ten years later a new edition of this work has been issued. This article analyses the second edition of the *FIDIC Form of Contract for Dredging and Reclamation Works*, commonly referred to as the FIDIC Blue Book. The new edition updates the first edition to better reflect actual practice and to increase usage of the book. To achieve this, the second edition’s “General Conditions of Contract” are more specific to the needs of the marine construction industry and the book provides more specialised guidance notes to help employers. The book is now also more aligned with the other FIDIC Contracts to achieve an appropriate balance of risk.

INTRODUCTION

“Fédération Internationale des Ingénieurs-Conseils” (FIDIC) or “The International Federation of Consulting Engineers” is an umbrella organisation whose members are national associations of consulting engineers. The *FIDIC Form of Contract for Dredging and Reclamation Works* or Blue-Green Book first appeared as a test edition in 2001. It was based on FIDIC’s *Short Form of Contract (First edition, 1999)*, also known as the Green Book, but with the addition of an engineer appointed by the employer. Test editions are not popular with any industry and there was no significant usage of the FIDIC Blue-Green Book until it appeared as a first edition in 2006. This first edition is now commonly known as the FIDIC Blue Book.

Following a meeting in 2011 with the International Association of Dredging Companies’ (IADC) Legal Committee, comprised of the company lawyers of its members, a decision was made to improve the

Above: Stakeholders need to refer to specialised contracts for dredging and reclamation works. The new edition of the FIDIC Blue Book addresses specific concerns and needs of stakeholders for such projects.

Blue Book by making it more specialised and suited for dredging and reclamation.

Bearing in mind the suggestions for change put forward by IADC, FIDIC established Task Group 7 (TG7) to consider the improvements that could be made to the first edition. TG7 was chaired by John Greenhalgh and the group included Dr Roger Maddrell. Edward Corbett of Corbett & Co from the original drafting team was also part of the group. They were all appointed by FIDIC. The IADC was represented by Marnix Vandenberghe and Tim Maddock. In this way, the Task Group had a balance of expertise to represent the interests and concerns of various stakeholders – employers, engineers and contractors.

THE NEW EDITION

The plan for a new edition (Figure 1) was twofold:

- make it more user-friendly and reduce the need for particular conditions. This would make it easier to suggest its use to clients in emerging markets.
- make it more specific to the dredging industry with the aim of reducing the preference of some employers to refer to other FIDIC Contracts that are in fact not suited to marine construction.

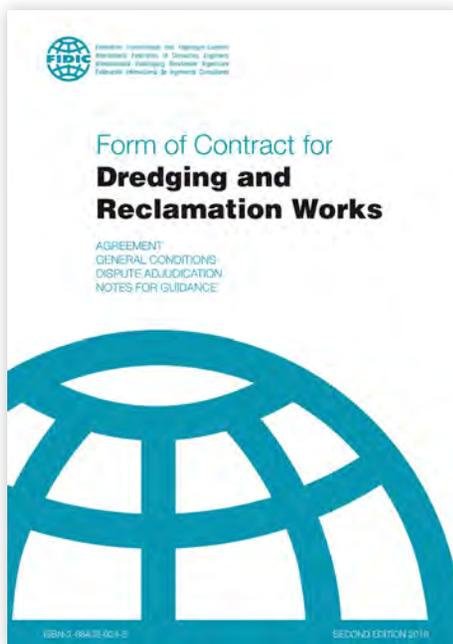


Figure 1. The second edition of the FIDIC Blue Book.

FIDIC instructed the Task Group at the outset not to make changes for change's sake, but only when the group was convinced that an improvement was necessary. This proved a very good doctrine to follow. The result is that the strengths of the original contract have been maintained and the number of changes kept to a minimum.

The process was a long one because every change was carefully considered. In 2013, the proposed draft changes were reviewed by selected industry specialists – both legal and engineering – and by the FIDIC Contracts Committee's special advisors. Throughout 2014, a number of issues remained unresolved including the limitation of liability, which was debated at the "FIDIC International Contract Users' Conference" in December 2014. These issues were finally resolved by the FIDIC Contracts Committee which then undertook the task of completing and publishing the second edition. FIDIC released this new edition in September 2016.

The second edition of the FIDIC Blue Book can be utilised for all dredging and reclamation projects. It is less suitable for complicated marine construction or offshore projects as it lacks the elaborate testing and taking over procedures often required on complex construction jobs. It is user-friendly and utilises

clear and precise wording for non-native English speakers. Furthermore, no disputes over the FIDIC Blue Book have arisen about the wording of the standard "Conditions of Contract". The disputes that did arise were typically concerning payment issues and the meaning of technical specifications or soil information. In comparison, the long and complex clauses from the other FIDIC Contracts (in particular the Red, Yellow and Silver books), have often led to arguments from employers, engineers and contractors.

A SPECIALIST CONTRACT FOR THE DREDGING AND RECLAMATION INDUSTRY

The first edition of the FIDIC Blue Book replaced the *FIDIC Conditions of Contract for Works of Civil Engineering Construction (Fourth Edition, 1987)* – also known as the fourth edition FIDIC Red Book – as the main FIDIC contract proposed for dredging and reclamation works. The FIDIC Red Book was typically completed by a Part II which consisted of particular conditions to suit the nature of the project. The Blue Book on the other hand was a specific contract for specialised marine work. Unfortunately the original "Notes for Guidance" gave very little help to clients and engineers on how to procure this type of work.

The IADC wanted to see certain changes in the FIDIC Blue Book to reflect the specialised nature of dredging works, where standardisation does not work and clear guidance notes are required to help users.

Increased dredging quantities

The traditional method of procuring dredging and reclamation works was using a re-measurement contract with the client's engineer being responsible for design. This was, and still is, seen as the most cost-effective way for employers to procure such types of projects.

Users, however, noticed that the first edition Blue Book needed to be adapted to ensure that the contractor has additional time to complete the works where the actual quantities to be dredged or reclaimed exceed those anticipated. Without an amendment, the first edition did not work fully as a re-measurable contract, because the contractor was not entitled to an extension

of time when the anticipated quantities were increased. This undermined the employer's entitlement to a fixed completion date and right to apply delay damages. This omission has been addressed in the amendment to clause 7.3 in the new edition which provides for an extension of time:

"...where the actual quantity is greater than the quantity stated in the Contract for that item having due regard to any reduction in quantities elsewhere ..."

Responsibility for design

The first edition Blue Book introduced the idea that more dredging and reclamation projects might be carried out on a 'design and build' basis. In practice, however, it has to be recognised that most employers wish to follow the traditional working method whereby the employers provide the design themselves or through their design engineers.

In this new second edition, the "General Conditions" still allow for a design and build arrangement, but the heading for clauses 5.1 and 5.2 now states "Design" instead of "Contractor's Design". This aligns with the fact that in most cases the design is provided by the employer through the specification and drawings for which the employer is responsible.

In the situation where the contractor is to be responsible for the design, the "Notes for Guidance" set out relevant boundary conditions that the employer needs to define in a proper set of employer's requirements. In this way non-specialist employers will gain a much better understanding of what they need to provide.

Fitness for purpose

The Task Group also looked closely at the 'fitness for purpose' obligation contained in clause 5.2. The IADC representatives were very concerned about the extent of the obligations in relation to a fitness for purpose, whereby the purposes were to be "inferred from the Contract". This concern was particularly strong as dredging contracts are often used for the dredging of a channel to allow access to certain types of vessels or for the reclamation of a piece of land to allow construction of certain types of buildings.



MARNIX VANDENBERGHE

has 25 years of experience dealing with contract drafting and negotiation, third party claims and disputes under contracts. He holds a Master’s degree in Law and in Port and Maritime Sciences. He spent the first part of his career in the risk management and insurance industry, specialising in complex liability issues. He worked consecutively for a German corporate insurer, a leading terminal operator in the port of Antwerp and one of the big five consulting firms in Brussels. In 2002, he joined Jan De Nul where he worked mostly on overseas projects and headed the legal department from 2009 to 2014. He now lives in Central America where he works for Van Oord as regional counsel for the Americas. He was appointed by IADC to represent the dredging companies at the FIDIC task group updating the FIDIC Blue Book.

TIM MADDOCK

is deputy general counsel and head of contracts with Van Oord, dredging and marine contracting based in the Netherlands. Tim is a solicitor. He worked for various large city law firms in London, including six years in the international arbitration department at Clifford Chance. Tim joined Van Oord in 2001. He is responsible for the international contract management and dispute resolution of Van Oord. For the last 15 years, he has been involved in contracting and dispute resolution worldwide, including Singapore, Romania, Australia, Dubai, India and Argentina and is very familiar with all international standard forms. He was part of the FIDIC task group that reviewed the *Form of Contract for Dredging and Reclamation*.



Though the simple purpose of the channel or reclamation is easy to determine, the long-term requirements for vessels or buildings are not within the contractor’s control. Engineers and employers then argued it was impractical to specify the purpose for each underlying item (e.g. a navigation light). The compromise

reached was to adopt terminology similar to that found in the LOGIC “Standard Contracts for the U.K. Oil and Gas Industry”. These forms do not provide for general inference on the subject of fitness for purpose, but where no purpose is specified, the item shall be fit for its ordinary purpose. The new sub-clause 5.2 now provides that where the contractor is responsible for design, it shall be *“fit for the intended purposes as specified in the Contract or, where no purposes are specified, fit for their ordinary purposes”*.

Bathymetric surveys

The fourth edition FIDIC Red Book did not provide for a simple solution to measurement for marine construction contracts. It envisages that engineers possess the means to measure the work (clause 56.1). This is of course true for land based civil works, but not for marine construction below water level. Dredging contractors own and operate sophisticated underwater measurement equipment that employers and engineers do not possess and it has never been practicable to make the engineer responsible for actually executing the measurement of underwater activities. Whilst it was not possible to address this matter in the “General Conditions”, this issue is now covered in the “Notes for Guidance”.

Permits and licences

Clarity about permits is always important in dredging and reclamation. Although the contractor remains responsible for the

operation and use of its vessels, the employer should almost always be responsible for the overriding permits required to carry out the specific work. This includes permits related to construction and zonal planning, environmental permits, dredging or disposal licences. The IADC consulted users and a typical list of statutory fees and charges are now included in the second edition in a tick box contained in the “Contract Data” for which the employer will be responsible (Table I).

The “Notes for Guidance” on clause 2.2 contain a further list of permits and licences that may be required for the project and that can be incorporated in the contract as well. This list (Table II) was produced after consultation with various dredging companies. The list is extensive with a suggested indication of responsibility allocation which reflects common practice in the industry.

Site data

The smooth running of a dredging and reclamation project more often than not depends on the quality of information provided at the outset. Most importantly, employers should understand from the start how much and what level of data is required for the works. Therefore, in clause 2.3 the description of the site data to be provided was further specified and in the General Section of the “Notes for Guidance,” as well as under the notes for clauses 2.3 and 6.1, the nature

Notices, fees and other charges to be given or paid by the Employer	1.6	The Employer shall be responsible for those ticked below:																
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Table I. A typical list of statutory fees and charges that employers have to tick to indicate provision.

Permits, licences and approvals	Responsible Party
Planning or zonal permission or licence	Employer
Environmental	Employer
Dredging licence	Employer
Dumping licence	Employer
Mining licence / Sand extraction permit	Employer
Reclamation permit	Employer
Foreshore licence	Employer
Construction permit (onshore / offshore)	Employer
Offshore installation permit	Employer
Operating permit	Employer
Operator permit	Employer
Access permit	Employer
No objection certificate from a utility provider or third party	Employer
Flag dispensation (CIS)	Employer
Customs clearance for imported equipment [with the assistance of the Employer]	Contractor
All licences and certificates required for the operation of the Contractor's equipment including IMO [International Maritime Organisation] requirements for seagoing vessels	Contractor
All licences and certificates required for the contractor's personnel including visas, safety and other qualifications	Contractor
Licence for inland / coastal navigation	Contractor

Table II. A list of permits and licences that may be required for a project.



Figure 2. The second edition of the FIDIC Blue Book addresses conditions regarding dredgers operating 24/7.

of the information to be provided is discussed. These revisions bring more clarity to the site data needed.

The most common dispute on a dredging contract relates to the contractor encountering soil conditions that were not reasonably foreseeable and whether the contractor should be paid for any additional costs that arise. It is often difficult and expensive to resolve such disputes. Normally, employers do not want the contractors to include the risk of unforeseen conditions in their original price, unless it is almost certain this risk will materialise.

Using a geotechnical base report as a reference (as generally done on tunnelling contracts) is recommended, as is establishing what the expected soil conditions on a project will be. This in effect creates a specification for the soil in the same way other elements of construction are specified. In the event of the project running into difficulties caused by soil conditions, the geotechnical base report can be used to decide if the conditions were really unforeseeable. This creates the potential for a claim to fall within the conditions expected at the site. This is the best way to avoid and/or resolve disputes over soil conditions and to ensure that employers only pay for the actual soil conditions encountered.

Dredgers work 24/7

Dredgers are very expensive vessels and typically operate around the clock. Historically, the most common qualification on tenders by dredging contractors was the requirement that they be allowed to work 24/7 (Figure 2). Whilst this requirement was included in the 'recommended' particular conditions for the fourth edition Red Book, it is now dealt with properly in the new clause 7.5.

"The Contractor is entitled to carry out his operations continuously by day and by night, regardless of weekends, days of rest, local holidays, religious festivals or other customs, unless otherwise stated in the Contract Data and subject to compliance with the Laws where the operations are carried out."

Amendments to the "Defined Risks" section

In order to reduce the need for particular conditions to amend or further complement

the “General Conditions of Contract”, users of the FIDIC Blue Book considered it necessary to review clause 6.1 “Defined Risks”. At the same time the wording was revised for consistency between the various paragraphs. This included:

- *“interruptions due to ship movements in excess of those specified in the Contract Data”*

The “Contract Data” is the place that allows the employer to tailor the contract to suit the project. Employers determine where the works are to be executed so the risk of interruptions due to third party ship movements is now also contemplated as a “Defined Risk” in the revised clause 6.1 as specified in the “Contract Data”.

- *“climatic or hydrological conditions more adverse than those specified in the Contract Data”*

The parties now also have the opportunity in the “Contract Data” to clearly define the boundaries applicable to allocate the risks of climatic and hydrological conditions.

- *“rebellion, terrorism, revolution, insurrection, military or usurped power, piracy, or civil war, affecting the Works”*

Piracy is a common maritime risk, especially when vessels are mobilised through a risk zone. The risks of piracy are now expressly recognised as a “Defined Risk” in clause 6.1(b).

With reference to “Defined Risks” 6.1(a) and 6.1(b), the “Notes for Guidance” clarify that a premium increase for the war risks cover (which includes piracy) implemented by underwriters following advice from the Joint War Committee in London, falls within the scope of additional costs envisaged by clause 10.4 “Contractor’s Right to Claim”.

Application of standby rates

Dredging contracts often include standby rates because the contractor continues to incur cost while his equipment is standing idle. To avoid disputes over what sums are recoverable for a “Defined Risk”, sub-clause 10.4 now expressly refers to *“the application of rates stated in the Contract for this purpose”* when it comes to determining the cost of idle time as a result of a Defined Risk.

Payment Provisions

The Blue Book is meant to be flexible. As a consequence, the payment provisions can be adapted to almost all forms of pricing. Indeed, this is very important if an employer requires simple maintenance dredging. In that case, the most cost-effective arrangement would be more akin to a charter contract where the vessel is hired on a day rate (effectively a cost plus basis). Whereas if the employer needs financing to fund a reclamation project, then a lump sum price might be required. Again the “Notes for Guidance” were found to be the best place to give the parties information on the different approaches.

Prolonged suspension

Another novelty is the right for the contractor to terminate work following prolonged suspension instigated by an engineer’s instruction. If the suspension only affects part of the works, the contractor may seek to omit the relevant part. It goes without saying that keeping dredgers on standby for a longer period of time needs to be avoided. Dredging vessels are expensive and while being forced to stand idle, the dredging contractor may be missing opportunities to carry out work for others. A new clause 7.6, “Suspension lasting more than 28 days” has been put in place. To trigger this clause, the suspension may not be attributable to any failure by the contractor and must exceed 28 days. In addition the contractor has an obligation to submit the requisite notifications to the employer.

Insurance

In relation to insurance, IADC members found that employers are not used to the types of insurance maintained in the marine construction industry. The insurance table now provided in the “Contract Data” was set up to clarify the extent and scope of coverage for each type of insurance. It sets out a default position to identify the party required to take out the respective insurance policies. This feature was clearly lacking in the first edition of the FIDIC Blue Book. The “Notes for Guidance” now also include detailed explanations of the insurance coverage with the view to ensuring that employers can make informed decisions.

Another aim was to avoid parties insuring the same risk twice. It is always more cost-effective

for a project if an event is covered by one policy only, with the premium being paid by the party best placed to insure that specific risk.

The provisions of clause 14.1 “Arrangements” have also been rewritten to make it clearer what evidence has to be provided and when in relation to insurance. Employers or engineers sometimes require the contractor to produce copies of entire policies. This practice becomes particularly onerous as regards Protection and Indemnity (P&I) insurance where the terms and conditions are contained in entire rule books. This situation is not exceptional as dredging companies, just like ship owners in the merchant marine sector, often join a P&I Club to insure the marine liabilities of their fleet. In such cases, a certificate of entry for the relevant vessel issued by a P&I Club should be satisfactory evidence that the insurance coverage is in place.

In general, the insurance clauses are now more suited to dredging and reclamation, although they may still require amendment for work to be carried out in close proximity to operating facilities such as oil and gas platforms. The revised clause 14.1 also contemplates insurance to be provided by the employer that may suit a project involving other contractors which will require an overall policy or where the employer is better placed to insure. In such circumstances, the employer will be able to save costs or minimise risk by taking out the insurance itself.

ALIGNMENT WITH THE RAINBOW SUITE OF CONTRACTS

Most users of the Blue Book are also and sometimes more familiar with the remainder of the FIDIC Rainbow Suite of Contracts (Figure 3). With that knowledge many users consider that a number of matters were more properly addressed in the Rainbow Suite. Acknowledging that, the second edition of the Blue Book includes new clauses that align the contract with the Rainbow Suite.

Performance security

First, a clear contractual obligation protecting the contractor against a wrongful call of a performance security has been added [clause 4.4]. This reflects sub-clause 4.2 of the FIDIC Rainbow Suite of Contracts.

“...The Employer shall indemnify and hold the Contractor harmless against and from all damages, losses and expenses (including legal fees and expenses) resulting from a claim under the performance security which the Employer was not entitled to make.”

Employer’s financial arrangements

Secondly, a new provision has been inserted to make sure that an employer provides sufficient evidence of funding for the original works or any substantial variation [clause 2.5]. This reflects sub-clause 2.4 of the FIDIC Rainbow Suite of Contracts.

“The Employer shall submit within 28 days after receiving any request from the Contractor, reasonable evidence that financial arrangements have been made and are being maintained which will enable the Employer to fulfil his payment obligations under the Contract.”

Force majeure or Exceptional events

Thirdly, the concept that the contractor could recover cost incurred as a result of any *force majeure* event was abandoned in favour of the Rainbow Suite approach. Recovery of cost is now limited to certain categories of *force majeure* events only. The “Defined Risks” in relation to similar *force majeure* events has now been modernised by removing the sub-clause dealing with pressure waves and also addresses munitions and piracy [clause 6.1(b) and (d)].

In addition, the name of the defined term “Force Majeure” has been changed as it has different meanings in different jurisdictions. FIDIC was concerned that its use (as a defined term) might contradict the meaning it has under the applicable law. Therefore, the new FIDIC Blue Book no longer refers to “Force Majeure” but to “Exceptional Events”.

Subsequent legislation

A fourth change relates to change in law. In the first edition, the concept of ‘change in law’ referred to a change in the law of the contract. This, however, caused a problem when the law of the contract was different from that of the site. The second edition has brought that clause in line with the Rainbow Suite, where due regard is given to the effects of changes in the law of the country where the works are executed. The new Blue Book offers the opportunity to include changes in the law of the contract or locations other than the site through adding countries in the “Contract Data”. It now also recognises that the effect of changes in the governmental or judicial interpretations of laws can fall within the ambit of clause 6.1 (o).

Terminology: Contract data & Exceptional events

In addition, there is a preference within FIDIC, especially since the Gold Book, for describing the “Appendix” as “Contract Data”. This approach was adopted by the Task Group for obvious reasons of consistency. The same reasoning from the Gold Book was used

to change the name of the defined term “Force Majeure” to “Exceptional Events” as mentioned before.

Limitation of liability

Finally, and most controversially, the limitation of liability and exclusion of consequential loss provisions have been brought in line with the Rainbow Suite. Users of the FIDIC Blue Book found the layered set-up of sub-clause 13.3 in the “Appendix” difficult to work with. This often resulted in the provision being replaced by more straightforward wording in the particular conditions. As the Task Group aimed at avoiding the need for particular conditions, this sub-clause definitely needed a revision. It was also a matter of record that the liability provisions contained in the Rainbow Suite of Contracts were set up in an entirely different manner than those of the Blue Book.

The new sub-clause 13.3 is as follows:

- (a) Neither Party shall be liable to the other Party for any loss of use of any Works, loss of profit, loss of contract, loss of opportunity or for any indirect or consequential loss or damage which may be suffered by the other Party in connection with the Contract other than under Sub-Clauses 7.4 [Late Completion] and 12.4 [Payment upon Termination] and except as provided in the Contract Data.
- (b) The total liability of the Contractor to the Employer, under or in connection with the Contract or at law (including tort), shall not



Figure 3. The various books in the FIDIC Rainbow Suite of Contracts.

exceed the amount stated in the Contract Data or (if an amount is not so stated) the Accepted Contract Amount.

(c) This Sub-Clause shall not limit liability in any case of fraud, deliberate default or reckless misconduct by the defaulting Party.

The Task Group was split on the need to make this change and the matter was made a subject of debate and vote (3:1 in favour) at the "FIDIC International Contract Users' Conference" in December 2014. This issue was then finally decided by the FIDIC Contracts Committee. The earlier approach, which made a differentiation between various grounds for liability, has now been abandoned in favour of a general and reciprocal exclusion of liability for indirect and consequential losses. The new clause 13.3 also leaves it to the parties to agree on the contractor's overall limit on liability to the employer by stating the cap in the "Contract Data", the default position being that the total liability is limited to the "Accepted Contract Amount".

One exception: "vesting"

On one occasion the Rainbow Suite approach was abandoned, as the concept that title to the equipment would vest in the employer until completion of the contract is in fact irreconcilable with dredging practice. The requirement for the contractor to leave behind its dredging equipment following termination for default was described in the guidance notes of the first edition as causing 'significant practical difficulties'. Imagine the crewing issues the employer of a dredging contractor would face if electing to take over and use the contractor's dredging equipment to complete the works following termination. The same goes for complying with insurance and safety regulations.

Moreover, the contractor is not always in a position to allow the employer to take over the equipment, even on a temporary basis. Equipment supplied by a contractor may include ships taken on charter; allowing the employer the unrestricted right to use such equipment without the specific written agreement of the equipment owner is often prohibited. The practice of "vesting" is also irreconcilable with the financing arrangements for dredging equipment. Another reason to

depart from the Rainbow Suite approach is that, as opposed to civil contractors, dredging contractors operate equipment with an initial value often exceeding the value of the project itself. An obligation for the contractor to leave behind expensive dredging equipment following termination would therefore be a disproportionate measure. This idea has now been redressed and sub-clause 12.1 [Default by Contractor] was amended accordingly.

Arbitration

Within the Task Group the question whether sub-clause 15.3 [International Arbitration] should include an option for the parties to determine the seat of the arbitration was also debated. The consensus was that employers and contractors often seek external or in-house counsel involvement to review their contracts, and that an informed decision when choosing the seat of the arbitration should therefore be guaranteed.

That advice was not followed by the FIDIC Contracts Committee which preferred to leave the selection of the place of arbitration to the Arbitration Court of the International Chamber of Commerce (ICC) and its Secretariat in Paris. On that topic, the "Notes for Guidance" state that the ICC Court will "in accordance with its usual practice, select a place in a country which is neutral as to the parties and which has a satisfactory arbitration law". The parties can agree either by adding a particular condition to that effect or by jointly choosing the place when the dispute is referred for arbitration, the latter of course only being a valid option when the parties are still on speaking terms. Should the parties wish to refer their dispute to another arbitration body than the ICC Court, they can always agree on another forum through the particular conditions.

CURRENT USE OF THE FIDIC BLUE BOOK

According to the information provided by the IADC on the use of the FIDIC Blue Book between 2006 to 2013, the Blue Book has been slowly gaining popularity, with a constant increase in usage since 2010 (Figure 4). However, there has been a low uptake of the FIDIC Blue Book in Australia, the United Kingdom and the original European Union countries. This is presumably because in these

areas both clients and consultants prefer their own national standard contracts rather than any FIDIC contract. In Russia, there appears to be only one instance when the FIDIC Blue Book was utilised. Generally, contracts in Russia, Scandinavia and the emerging Baltic states are based on FIDIC but heavily modified, which is not in the contractor's favour and makes negotiating difficult.

There is widespread use of the Blue Book in India, Indonesia, Nigeria and the Philippines. In addition, there is a growing market for Blue Book contracts in Central and South America such as the Caribbean, Chile, Costa Rica, Colombia, Panama and Uruguay. Contrary to what was done for the Rainbow Suite of Contracts, FIDIC did not provide the industry with an official Spanish or Portuguese translation of the Blue Book. Consequently, in the near future, the IADC will be assisting FIDIC to produce a Spanish and Portuguese version of the second edition of the Blue Book to help promote it further in regions where the translated versions are necessary. In addition, statistics suggest that there has been repeated use by clients that reflects a degree of satisfaction with the FIDIC Blue Book. This indicates that the value of the FIDIC Blue Book is well recognised and that this new version, which has clarified many details, will also be well-received.

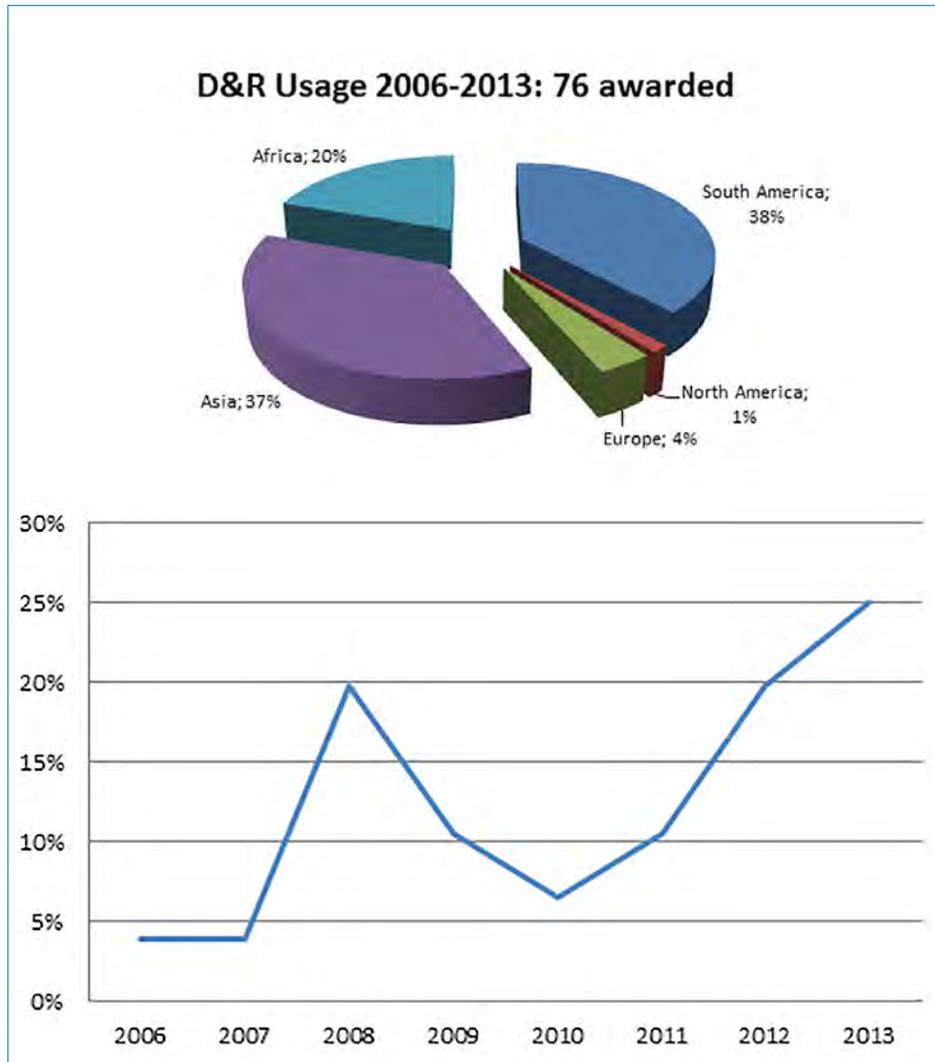


Figure 4. Data from the IADC reflects the increasing use of the FIDIC Blue Book over the years. (Source: IADC, 2013)

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CONCLUSIONS

In conclusion, important changes have been made to the second edition of the FIDIC Blue Book, making it significantly more suited to the technical requirements of the dredging industry and in line with the overall balance of risk of the FIDIC Rainbow Suite of Contracts.

The Blue Book is a practical contract for people to use and the new edition offers much more help for employers in the "Notes for Guidance". It is even more user-friendly than the first edition and utilises clear and precise wording for

non-native English speakers. This will increase its usefulness for projects in emerging markets. All parties should find it very clear, particularly with all the "Defined Risks" brought together in one place.

Using the Blue Book guidance should ensure that not every project requires a lawyer or contract manager to administer the contract on both sides. It is much more straightforward for the contractor to simply get on with executing the works.