CONTRACTING IN JORDAN – THE IMPORTANCE OF HOMEWORK

By Raid Abu-Manneh

Jordan is recognised as a country which welcomes foreign investment, but contractors should still carry out a proper review of contract terms and assess the impact of Jordanian law on their contracts.

Contract terms

FIDIC contracts are extensively used in Jordan but contractors should note that the FIDIC terms are often changed significantly in the employer’s favour. A comparison with the original FIDIC form is therefore sensible.

FIDIC contract terms are also subject to Jordanian mandatory laws. For example, contractors and engineers are subject to decennial liability, which means that they will be jointly liable for a period of 10 years to compensate the employer for any partial or total collapse of the works and for any defect which threatens the stability or safety of a building. A court or tribunal also has the right to adjust liquidated damages to reflect actual loss suffered.

The Jordanian Civil Code is similar to other Arab codes but while these mandatory laws may look familiar, contractors should not assume that Jordanian law is identical to, for example, UAE law. Specific Jordanian legal advice is recommended.

Enforcing entitlements

The Jordanian courts generally have a good reputation but they are unlikely to be able to cope with a large and complex project dispute.

Effective contract management may, of course, avoid disputes but, as a deterrent it is important to ensure that contracts include reference to international arbitration in an established venue such as London and Paris. This is particularly effective where the employer has assets outside Jordan against which the contractor could execute an award.

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