

## **DISPUTES OVER THE FIRM PRICE CONTRACTS: HOW TO PROTECT THE CONTRACTORS' INTERESTS AND OBSERVE THE BALANCE BETWEEN THE INTERESTS OF THE PARTIES?**

**VEGAS LEX partner Igor Chumachenko has spoken at the roundtable of the Institute of Business Law of Moscow State Law University devoted to disputes over fixed price construction contracts and how contractors could cut costs of construction.**

On April 18, 2017, [Igor Chumachenko](#), VEGAS LEX Partner, Head of Real Estate, Land & Construction practice, spoke at the round table on the topic “Disputes over the firm price in a construction contract: In which cases construction costs go up and down?” held at the Institute of Business Law of Kutafin Moscow State Law University\*.

Disputes about the payment for work under an independent-work contract are among the most common disputes in judicial practice, the substantial part of which concerns the volume and cost of the works performed by the contractor. Igor Chumachenko analyzed the existing customer-contractor disputes over the [fixed price contracts](#), including approaches to determining the value of an independent-work contract, the procedure for payment for works in the absence of a government contract, the matters of payment for additional works, the performance of which the contractor insisted on, the payment for additional works performed at the initiative of the customer and in the absence of agreement about their performance, the settlement procedure in the event of early termination of the contract, as well as the matters of cutting costs by the contractor.

The round table experts included the representatives of the Moscow Construction Department, the NOSTROY Association, the Institute for Supervision and Control over Construction under the Research & Education Centre for Supplementary Vocational Education “Academy of the Ministry of Construction”, the Federal Autonomous Organization “RosKapStroy”, the Institute of Business Law of Kutafin Moscow State Law University, Lomonosov Moscow State University, the VETA expert group, Stroytransgaz group, and others.

The participants also discussed the fixed price concept in the Russian legislation and its clarification in the judicial practice concerning construction contracts, the options for regulating the customers’ and contractors’ risks that the Russian legislation offers besides setting of a firm price, the wordings used in a construction contract that protect the interests of both the customer and the contractor in the best possible way and ensure the balance between them, and the matter as to whether or not the legislation needs to be changed in order to make the counterparties' relations in the construction market more fair, etc.

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\* *Kutafin Moscow State Law University*

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