

# Construction 2022

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**Published by**

Law Business Research Ltd

Meridian House, 34-35 Farringdon Street

London, EC4A 4HL, UK

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First published 2008

Fifteenth edition

ISBN 978-1-83862-638-9

Printed and distributed by

Encompass Print Solutions

Tel: 0844 2480 112



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# Construction

## 2022

**Contributing editors****Robert S Peckar and Michael S Zicherman****Peckar & Abramson PC**

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Lexology Getting The Deal Through is delighted to publish the fifteenth edition of *Construction*, which is available in print and online at [www.lexology.com/gtdt](http://www.lexology.com/gtdt).

Lexology Getting The Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique Lexology Getting The Deal Through format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes new chapters on Iraq and Turkey.

Lexology Getting The Deal Through titles are published annually in print. Please ensure you are referring to the latest edition or to the online version at [www.lexology.com/gtdt](http://www.lexology.com/gtdt).

Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

Lexology Getting The Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. We also extend special thanks to the contributing editors, Robert S Peckar and Michael S Zicherman of Peckar & Abramson PC, for their continued assistance with this volume.



London

June 2021

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This article was first published in July 2021

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# Sweden

Jacob Hamilton, Axel Ryning, Richard Sahlberg and Per Vestman

Foyen Advokatfirma

## LOCAL MARKET

### Foreign pursuit of the local market

- 1 | If a foreign designer or contractor wanted to set up an operation to pursue the local market, what are the key concerns they should consider before taking such a step?

Depending on the individual situation, the main concern would be Swedish labour law. In Sweden, the model of collective agreement between the employer's association and trade unions has a predominant role – the 'Swedish model'. The freedom to contract is extensive. To facilitate foreign companies, the Confederation of Swedish Enterprise and the Swedish Trade Union Confederation have agreed a recommendation to foreign companies to apply for membership in the employer's association for a limited period. Thereafter, a collective agreement is negotiated specifying the conditions for the workers of the foreign company. A benefit to the foreign company is that it will avoid being subject to blockades or other actions from the Swedish trade unions.

Historically, Swedish trade unions have demanded that foreign contractors sign collective agreements, even if they have no Swedish staff and no members of any particular trade union. Any contractor refusing to comply could expect to be boycotted, effectively preventing it from carrying out its work. In 2008, the European Court of Justice (ECJ) found that this practice was not acceptable. The matter was then decided by the Swedish Labour Court, which followed the ruling from the ECJ. These legal developments have opened possibilities for foreign contractors to compete with Swedish companies by means of low prices because of low wages. In Sweden, there are no minimum salaries pursuant to statutory law; instead, minimum salaries are regulated by collective agreements.

## REGULATION AND COMPLIANCE

### Licensing procedures

- 2 | Must foreign designers and contractors be licensed locally to work and, if so, what are the consequences of working without a licence?

There is no such prerequisite.

### Competition

- 3 | Do local laws provide any advantage to domestic contractors in competition with foreign contractors?

No. In public procurement, such conditions would also violate the Public Procurement Act.

## Competition protections

- 4 | What legal protections exist to ensure fair and open competition to secure contracts with public entities, and to prevent bid rigging or other anticompetitive behaviour?

Public procurement is governed by the Public Procurement Act, which is designed to ensure equal treatment, non-discrimination, transparency and proportionality. The Public Procurement Act is largely based on the EU directive concerning public procurement. The Swedish Competition Act and articles 101 and 102 of the Treaty of the Functioning of the European Union – up to 1 December 2009, articles 81 and 82 in the European Community Treaty – contain two main provisions: prohibition against anticompetitive cooperation and prohibition against abuse of a dominant position. The Swedish Competition Act also contains rules concerning anticompetitive sales activities by public entities and control of concentrations between undertakings.

## Bribery

- 5 | If a contractor has illegally obtained the award of a contract, for example by bribery, will the contract be enforceable? Are bribe-givers and bribe-takers prosecuted and, if so, what are the penalties they face? Are facilitation payments allowable under local law?

There is no automatic right for an employer to terminate a contract that was awarded as a result of bribery. The general conditions, AB 04 and ABT 06, do not contain any specific rules. The outcome might be different depending on the kind of illegal means used. For example, a contract concluded after extortion would not be enforceable. Obviously, a contract awarded by a public body as a result of bribery can be expected to be terminated. Bribe-givers and bribe-takers could, depending on the circumstances, be prosecuted and would likely face the penalty of a fine or a maximum of two years' imprisonment. Facilitation payments are not allowable under local law.

## Reporting bribery

- 6 | Under local law, must employees of the project team members report suspicion or knowledge of bribery of government employees and, if so, what are the penalties for failure to report?

There is no statutory law; whistle-blowing is voluntary. However, in 2017, statutory law was introduced to facilitate whistle-blowing by protecting employees from retaliation when they have reported wrongdoing. The legislation also means that an agreement that restricts protection for whistle-blowers will be invalid.

### Political contributions

- 7 | Is the making of political contributions part of doing business? If so, are there laws that restrict the ability of contractors or design professionals to work for public agencies because of their financial support for political candidates or parties?

There are no restrictions, but it is not common for contractors or other professionals within the construction sector to support, financially or otherwise, political candidates or parties. The making of political contributions is not, to any great extent, part of doing business.

### Compliance

- 8 | Is a construction manager or other construction professional acting as a public entity's representative or agent on a project (and its employees) subject to the same anti-corruption and compliance as government employees?

In general, yes, since the Swedish Penal Code is generally applicable and includes legislation related to anti-corruption.

### Other international legal considerations

- 9 | Are there any other important legal issues that may present obstacles to a foreign contractor attempting to do business in your jurisdiction?

In general, the business climate is good. Labour and environmental law are areas that require special attention. Tax aspects must also be considered if the foreign company has a permanent establishment in Sweden. Finally, the planning and zoning procedures often take time.

## CONTRACTS AND INSURANCE

### Construction contracts

- 10 | What standard contract forms are used for construction and design? Must the language of the contract be the local language? Are there restrictions on choice of law and the venue for dispute resolution?

There are two sets of general conditions for construction works: AB 04 General Conditions of Contract for Building and Civil Engineering Works and Building Services for performance contracts, and ABT 06 General Conditions of Contract for Design and Construct Contract for Building, Civil Engineering and Installation Works for design and construction contracts. These general conditions have attained almost universal acceptance among Swedish contractors and employers. However, in their administrative regulations employers normally amend the general conditions to some extent. AB 04 and ABT 06 are supplemented by addenda for subcontractors (AB-U 07 and ABT-U 07). ABK 09 is the standard form used in contracts between employers and engineers. All of these standard forms are agreed documents between the employer's and the contractor's or engineer's organisations. The general conditions apply to individual contracts only if there is a reference in the contract to the specific form. As there is no specific statutory law, this is important to bear in mind. The language of the contract must not necessarily be the local language. Furthermore, there are no particular restrictions on choice of law and the venue for dispute resolution. The choice of the parties concerning applicable law is respected by the Swedish jurisdiction. Judgments from all jurisdictions are, however, not enforced by Swedish authorities.

### Payment methods

- 11 | How are contractors, subcontractors, vendors and workers typically paid and is there a standard frequency for payments?

Contractors, subcontractors, vendors and workers are typically paid by electronic payment.

According to AB 04 and ABT 06, the two basic payment forms are the agreed fixed price and current account. There are also a number of variants of these forms of compensation and other pricing mechanisms, such as incentive agreements. Fixed price means that the contractor will be paid an agreed sum. The price and scope of work are agreed and set out in the contract. Current account means that the contractor gets paid for its costs.

In accordance with AB 04 and ABT 06, the contract price refers to payment for the contract works. Alterations and additions shall be settled by balancing the work added and the work omitted. The contract price shall be paid in accordance with a plan for payment and against an invoice. If there is no plan for payment, the duty of the employer is to make a partial payment of the contract price against an invoice for completed contract works. The value of alterations and additions shall be calculated primarily in accordance with the agreed schedule of unit prices, the priced schedule of quantities or other agreed rules of charging.

Any advance payment received on the contract price will be successively balanced by making a special percentage deduction from each partial payment.

After approval of the works, the employer may retain 5 per cent of the price of the total works for rectification of defects that have been confirmed in a report on the final inspection. The retainer may last until the defects have been rectified, although not for longer than four months. Thereafter, the employer may retain an adequate amount for rectification of defects that have been confirmed at final inspection until the defects have been rectified or settlement has been carried out.

Works specified in invoices must have been completed when invoicing takes place. Unless otherwise prescribed in the contract, invoices shall be paid within 30 days of receipt.

### Contractual matrix of international projects

- 12 | What is the typical contractual matrix for a major project in your jurisdiction in terms of the contractual relationships among the various construction project participants?

The most commonly used contractual matrix is a contract between an employer and a general contractor. Swedish employers often prefer to retain the contractor to carry out the design work as well, rather than having to contract with consultant engineers themselves. The general contractor almost always uses various subcontractors to perform parts of the work. The scope of the work carried out by subcontractors is sometimes so large that the general contractor is more a coordinator than an actual contractor.

There is also a widespread use of divided contracts, where an employer engages a number of individual contractors, each having a direct contractual relationship with the employer. If the contract work is divided among several contractors, the coordination between the individual contractors will normally encumber the employer.

Construction management is a contract matrix still more spoken of than actually used at present, though it has been used in some larger projects.

## PPP and PFI

13 | Is there a formal statutory and regulatory framework for PPP and PFI contracts?

No. However, municipalities can be engaged in public-private partnership (PPP) projects only if the project is to the benefit of its own inhabitants; for instance, one municipality might be entitled to be engaged in an airport project in a nearby municipality.

## Joint ventures

14 | Are all members of consortia jointly liable for the entire project or may they allocate liability and responsibility among them?

According to the main rule in the commonly used standard form AB 04, all members of consortia are jointly liable for the entire project. They may allocate responsibility and liability among themselves only with the express consent of the employer.

## Tort claims and indemnity

15 | Do local laws permit a contracting party to be indemnified against all acts, errors and omissions arising from the work of the other party, even when the first party is negligent?

There is no specific statutory law related to construction. Pursuant to general principles, a subcontractor's liability can be adjusted, even down to zero, if the general contractor has contributed to damage or loss as a result of its own negligence. Under Swedish law, an action in tort cannot be pursued against a party as an alternative to a claim under the contract. Neither can an employer claim compensation directly from a subcontractor. The employer has to claim compensation from the general contractor who then has to try to recover compensation from its subcontractor.

## Liability to third parties

16 | Where a contractor constructs a building that will be sold or leased to a third party, does the contractor bear any potential responsibility to the third party? May the third party pursue a claim against the contractor despite the lack of contractual privity?

The main rule, which applies to the majority of cases, is that a claim must be founded on a contractual basis, and that no claim can be made in the absence of such a legal relation. Consequently, a buyer or a tenant wishing to raise a claim related to the property constructed by a contractor must rely on the liability of its counterparty, namely, the seller or landlord.

One exception must be made pursuant to the general rule of liability for a person's or entity's own negligence. If, for example, the contractor, while carrying out his or her work, causes damage to a tenant's property through a negligent act or omission, he or she is liable to the tenant, notwithstanding the lack of a contractual relation. Another situation could be if some kind of relationship similar to a direct legal relationship could be construed between the contractor and the third party.

## Insurance

17 | To what extent do available insurance products afford a contractor coverage for: damage to the property of third parties; injury to workers or third parties; delay damages; and damages due to environmental hazards. Does the local law limit contractors' liability for damages?

AB 04 contains a standard description of insurance coverage, according to which the contractor shall have all-risk insurance against damage caused to the total works. Generally, this insurance includes coverage for

damage to the property of third parties, injury to workers or third parties and environmental hazards. It does not, however, cover delay damages, which are normally expressly exempt from coverage. Local law does not limit contractors' liability for damages.

## LABOUR AND CLOSURE OF OPERATIONS

### Labour requirements

18 | Are there any laws requiring a minimum amount of local labour to be employed on a particular construction project?

There are no laws requiring a minimum amount of local labour to be employed on a particular construction project.

### Local labour law

19 | If a contractor directly hires local labour (at any level) for a project, are there any legal obligations towards the employees that cannot be terminated upon completion of the employment?

The form of employment is general employment for a specific period of time. The employer must confirm in writing to the employee that the employment is for a fixed period and the period must be specified. A notice of termination in this case is not necessary. It is also possible to agree on employment for a specific project.

The employment is terminated at the end of the agreed period. Although a notice of termination is not necessary (unless earlier agreed), there are mandatory rules that must be followed. If the employer violates the law, he or she is liable to pay damages to the employee and his or her union. If the employment has been general employment for a specific period of time or another employment limited in time for more than 12 months in total during the past three years, the following formal requirements apply.

- The employer must give a written notice to the employee one month prior to the expiration of the employment informing him or her that renewed employment cannot be obtained. The notice shall, inter alia, contain information about the steps to be taken if the employee is of the opinion that the employment was not limited in time. A specific form should be used to prevent errors.
- If the employee is a member of a union, the union must be notified at the same time. Therefore, the employee must be asked before the notice is given whether he or she is a member of a union or not.
- The employer must negotiate with the employee or the union if either of them requests negotiations. There is no time limit for this request.

Furthermore, it must be observed that, if the employment is terminated on the ground that there is a lack of work, the employee has a right to renewed employment if he or she has been employed for more than 12 months during the past three years and provided that he or she has the necessary qualifications.

If a collective agreement has been concluded, other rules may apply.

### Labour and human rights

20 | What laws apply to the treatment of foreign construction workers and what rights do they have? What are the local law consequences for failure to follow those laws?

There are very few applicable statutory laws because of the model of collective agreement between the employer's association and trade unions. In general, employers are expected to adhere to working conditions and minimum wages as set out in the current collective agreements. These conditions are applicable regardless of whether the workers are domestic or foreign. Failure to adhere to the conditions may result in union action.

## Close of operations

21 | If a foreign contractor that has been legally operating decides to close its operations, what are the legal obstacles to closing up and leaving?

There are no particular legal obstacles to closing down operations. Depending on the conditions of employment, the contractor might have to pay termination payments to its own employees but not to subcontractors. With regard to construction works, the contractor normally has a warranty period. Pursuant to the frequently used Swedish standard forms, the warranty period is five years for work and two years for material. The contractor will normally be required to provide a bank guarantee covering 5 per cent of the contract price for two years after the completion date.

## PAYMENT

### Payment rights

22 | How may a contractor secure the right to payment of its costs and fees from an owner? May the contractor place liens on the property?

According to AB 04 and ABT 06, the contractor is entitled to a surety, amounting to 10 per cent of the contract sum, provided that the contract does not contain any specific provisions. The nature of the surety is not specified. Depending on the financial viability of the employer, the contractor can require a parent company guarantee or a bank guarantee. Public bodies do not provide any surety and advanced payments are unusual in Sweden in normal construction projects. A surety in the form of a lien on the property is not often used, and retention of title to material to be permanently installed or built in is not valid.

### 'Pay if paid' and 'pay when paid'

23 | Does local law prohibit construction contracts from containing terms that make a subcontractor's right to payment contingent on the general contractor's receipt of payment from the owner, thereby causing the subcontractor to bear the risk of the owner's non-payment or late payment?

There is no specific applicable statutory law prohibiting these terms, but the Swedish Contract Act contains a general mechanism for adjusting unreasonable terms in contracts. This mechanism is, however, rarely applicable for commercial contracts and would, most likely, not be applicable for such subcontractor terms.

The most common standard subcontractor agreements (AB-U 07, ABT-U 07) do not contain these terms and must be amended to shift the risk of the owner's non-payment or late payment to the subcontractor.

### Contracting with government entities

24 | Can a government agency assert sovereign immunity as a defence to a contractor's claim for payment?

No. Public bodies must follow the same rules as private bodies.

### Statutory payment protection

25 | Where major projects have been interrupted or cancelled, do the local laws provide any protection for unpaid contractors who have performed work?

If a project is cancelled, a contractor that has performed work is entitled to payment, according to both the general conditions (AB 04 and ABT 06) and the statutory provisions. If a contract has been signed, the contractor is, in the case of cancellation of the works, entitled to

payment for works already performed and damages covering the calculated profit in the project (unless the cancellation was the fault of the contractor).

There are, however, no specific local laws that provide protection for unpaid contractors if the employer will not, or can not, provide payment to the contractor according to what the contractor is entitled to.

## FORCE MAJEURE

### Force majeure and acts of God

26 | Under local law are contractors excused from performing contractual obligations owing to events beyond their control?

According to the general conditions of AB 04 and ABT 06, a contractor is entitled to a necessary extension of the contract period if the contractor is prevented from completing the contract works within the contract period by circumstances caused by:

- the employer, or a situation caused by it;
- a decision by the authorities resulting in a general shortage of facilities, materials or goods or in limitation of the supply of labour;
- an epidemic;
- a strike;
- abnormal weather conditions and similar force majeure events; or
- other circumstances that are not the fault of the contractor, that it could not have been expected to anticipate and the detrimental effect of which the contractor could not reasonably have been able to eliminate.

The contract can be terminated owing to a serious force majeure event resulting in either damage to the works occurring before the completion date or that has the effect that the works must be suspended for such a long time that the conditions on which the fulfilment of the contract depends are substantially disrupted.

If the failure to perform is owing to circumstances on the employer's side, the contractor will be entitled to compensation for its costs, or at least half of its costs, should the employer be able to prove that it could not reasonably have avoided the consequences.

## DISPUTES

### Courts and tribunals

27 | Are there any specialised tribunals that are dedicated to resolving construction disputes?

Unfortunately, there are no specialised tribunals or courts dealing with construction disputes. Therefore, the outcome of a construction dispute before the public courts is often difficult to predict, especially if the dispute contains complex technical elements.

### Dispute review boards

28 | Are dispute review boards (DRBs) used? Are their decisions treated as mandatory, advisory, final or interim?

Dispute review boards (DRBs) are not commonly used. The contract for the Oresund Bridge provided for a DRB procedure but otherwise there are few, if any, examples of DRBs in larger Swedish construction projects.

## Mediation

- 29 | Has the practice of voluntary participation in professionally organised mediation gained acceptance and, if so, how prevalent is the practice and where are the mediators coming from? If not, why not?

Mediation is suggested by the court in many disputes. Pursuant to the Swedish Code of Judicial Procedure, the court, considering the nature of the case, can direct the parties to appear at the mediation session before a mediator appointed by the court. The court has the obligation to favour a friendly settlement of disputes. In arbitration, mediation is less prevalent. Mediators are mostly lawyers experienced in the specific area or senior judges.

## Confidentiality in mediation

- 30 | Are statements made in mediation confidential?

Unless the parties agree to the contrary, the mediator shall respect the confidentiality of the mediation. According to the rules of the mediation institute of the Stockholm Chamber of Commerce (SCC), the parties themselves also have an obligation of confidentiality concerning information disclosed during the mediation.

## Arbitration of private disputes

- 31 | What is the prevailing attitude towards arbitration of construction disputes? Is it preferred over litigation in the local courts?

Arbitration is preferred in Sweden on grounds similar to those in most jurisdictions: arbitration is swifter than a court proceeding, confidentiality may be upheld and the degree of knowledge is higher among specialist arbitrators than within the public courts. Owing to the ever-rising costs of arbitration, the procedure is normally reserved for disputes concerning a considerable economic value. The general conditions stipulate that arbitration shall be used for disputes of 7,14 million Swedish kronor or more.

## Governing law and arbitration providers

- 32 | If a foreign contractor wanted to pursue work and insisted by contract upon international arbitration as the dispute resolution mechanism, which of the customary international arbitration providers is preferred and why?

A Swedish employer (like employers in most countries) is likely to prefer a jurisdiction and an applicable law to which it is accustomed. Therefore, a Swedish employer can be expected to prefer Swedish law and to prefer a dispute resolution procedure in accordance with Swedish law. In the situation of a foreign contractor insisting on an international arbitration institute, a Swedish employer would normally prefer the SCC, as it is slightly less bureaucratic than the International Chamber of Commerce, which, however, would normally be its second choice.

In addition, according to our experience, dispute resolution is seldom an issue in contract negotiations and drafting. If the parties negotiate and draft the contract without legal assistance, the question is not likely to arise at all. Even when the parties consult lawyers, there is a great reluctance to face the eventuality of a future dispute.

## Dispute resolution with government entities

- 33 | May government agencies participate in private arbitration and be bound by the arbitrators' award?

Government agencies may participate in private arbitration and be bound by the arbitrators' award, including being subject to enforcement.

## Arbitral award

- 34 | Is there any basis upon which an arbitral award issued by a foreign or international tribunal may be rejected by your local courts?

Sweden has ratified and implemented the New York Convention of 1958. The main rule in the Swedish Arbitration Act is that foreign arbitration awards are enforceable in the same manner as domestic awards. The exceptions provided for in the Swedish Arbitration Act against the principle of recognition and enforcement of foreign arbitration awards are based on the enumeration in article V of the New York Convention. The main obstacles to the execution of a foreign award are that the arbitration clause is invalid, that the arbitrators have acted outside their competence or that the award is contrary to Swedish public policy. Contrary to the New York Convention, the Swedish Arbitration Act does not require an arbitration clause to be written for it to be valid.

## Limitation periods

- 35 | Are there any statutory limitation periods within which lawsuits must be commenced for construction work or design services and are there any statutory preconditions for commencing or maintaining such proceedings?

Swedish law contains very few statutory limitation periods for commencing lawsuits, and none of them are relevant for construction lawsuits. There are, however, limitation periods, both statutory and those contained in the widely used standard-contract forms AB 04 and ABT 06, prescribing when a claim can, at the latest, be validly made. The basic statutory limitation period states that a claim must be made (ie, put forward to a party's counterpart) within 10 years of the occurrence of the claim. The standard-contract forms contain significantly shorter limitation periods – normally six months. As long as a claim has been validly made, there is no specific period within which legal action must be taken.

## ENVIRONMENTAL REGULATION

### International environmental law

- 36 | Is your jurisdiction party to the Stockholm Declaration of 1972? What are the local laws that provide for preservation of the environment and wildlife while advancing infrastructure and building projects?

Sweden is party to the Stockholm Declaration of 1972. The municipalities have a monopoly with regard to planning and zoning. The decision-making process can take time and people affected by the decision often appeal (eg, neighbours). Projects of some magnitude will be examined pursuant to the Swedish Environmental Act to establish the environmental consequences. A similar analysis will also be pursued according to specific legislation, such as the Road Act, the Railroad Act, the Natural Gas Act and the Nuclear Engineering Act. In addition, certain activities in the exclusive economic zone and on the continental shelf will be analysed pursuant to that specific legislation. For larger projects such as railways, substantial road projects and plants for the supply of energy, the examination regarding the environmental consequences will take a substantial amount of time – from one year to several years. The activity cannot start before permission has been granted.



## Local environmental responsibility

37 | What duties and liability do local laws impose on developers and contractors for the creation of environmental hazards or violation of local environmental laws and regulations?

The liability for environmental hazards and violation of environmental laws is direct for any damage caused. Liability can result in claims for damages, as well as a fine from the municipality or other authorities, or a criminal penalty from the state.

The obligation for environmental hazards is to take action so that damage is limited or stopped. This liability is direct for the party causing it but, depending on the hazard, it can also be the landowner's responsibility.

The responsibility to act in the event of an environmental hazard or the risk of an environmental hazard can be taken voluntarily or can be ordered by the municipality, the County Administrative Board or any governmental authority.

Violation of environmental laws or local regulations can, depending on the severity of the violation and which law has been violated, result in either injunctions, fines or a criminal penalty.

## CROSS-BORDER ISSUES

### International treaties

38 | Is your jurisdiction a signatory to any investment agreements for the protection of investments of a foreign entity in construction and infrastructure projects? If so, how does your model agreement define 'investment'?

Sweden signed, and in 1967 ratified, the 1965 Convention on the Settlement of Investment Disputes between States and Nationals of Other States. Since then, a considerable number of bilateral investment treaties have been signed. At the time of writing, agreements for the promotion and reciprocal protection of investments (or with similar denominations) exist with approximately 60 countries. A complete inventory of the bilateral investment treaties concluded by Sweden is available on [www.regeringen.se](http://www.regeringen.se).

An investment is defined as every kind of asset established or acquired, including changes in the form of the investment, in accordance with the national laws of the contracting party in whose territory the investment is made and, in particular, includes the following:

- movable and immovable property as well as property rights, such as mortgages, liens, leases or pledges;
- shares in and stock and debentures of a company and any other similar forms of participation in a company;
- rights to money or to any performance under contract with a financial value;
- intellectual property rights, goodwill, technical processes and know-how in accordance with the relevant laws of the respective contracting party; and
- business concessions and other rights required to conduct economic activity conferred by law or under contract, including concessions to search for and extract oil and minerals.

### Tax treaties

39 | Has your jurisdiction entered into double taxation treaties pursuant to which a contractor is prevented from being taxed in various jurisdictions?

Treaties for the avoidance of double taxation have been signed with approximately 40 states, including Sweden's major trade partners in Europe and North America. A complete inventory of Sweden's double taxation treaties is listed on [www.government.se](http://www.government.se).

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### Currency controls

40 | Are there currency controls that make it difficult or impossible to change operating funds or profits from one currency to another?

Sweden has chosen not to adopt the euro, so the Swedish krona is still the national currency. As a member of the European Union, Sweden respects the freedom of movement of capital stipulated in the Treaty of Rome of 1957 and implemented in the Maastricht Treaty of 1992.

### Removal of revenues, profits and investment

41 | Are there any controls or laws that restrict removal of revenues, profits or investments from your jurisdiction?

Property bought in Sweden can be subject to customs duties. Dividends can be distributed to parent companies, although sometimes after deduction of a withholding tax. This varies depending on the double tax agreement. Within the European Union, dividends to parent companies are not subject to withholding tax. A foreign company with a permanent establishment in Sweden is subject to Swedish tax.

## UPDATE AND TRENDS

### Emerging trends

42 | Are there any emerging trends or hot topics in construction regulation in your jurisdiction?

Owing to the covid-19 pandemic and government regulations and guidelines for social interaction, the topic of hindrances in construction works and matters of compensation has since the beginning of 2020 arisen as a widely discussed issue. The Swedish general conditions for construction contain different rules for compensation in situations of hindrance, depending on whether the hindrance was caused by the employer, the contractor or by either party. It is generally expected that these issues will continue to be in focus during the rest of 2021.

Furthermore, the question of a significant rise in prices regarding materials used for construction has arisen in many construction

projects, especially if the works are compensated with a fixed contract sum. The standard agreements of AB 04 and ABT 06 provide provisions that enable adjustments of agreed pricing, but it is not clear if such provisions are applicable regarding the observed increase in prices for materials. It is likely that these questions will be included in legal proceedings during 2021.

### Coronavirus

43 | What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

Since January 2021, a law regarding certain limitations to prevent the spread of the coronavirus has been implemented. The legislation mainly refers to other regulations provided by, for example, the government or local authorities and, as such, gives these entities the possibility to issue regulations regarding inter alia the possibility for people to gather in, for example, public spaces and restaurants. However, no specific regulations exist regarding construction projects.

Every person and company in Sweden is expected to adhere to the legislation and also to the general recommendations issued by the Public Health Agency of Sweden. If a specific construction project would be considered a health hazard, it is likely that local authorities will act in order to prevent further spread.

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