

EXPANSION – 12/09/2018

A Spanish firm wins a legal action against the Norwegian State

The Court of Appeal rules that the early termination of a contract by the Roads Administration four months after commencing the works was not justified.

The Spanish firm Ossa, a specialist in the construction of tunnels and underground works, has won an appeal against the Norwegian Roads Administration (Statens Vegvesen), overseen by the Norwegian Ministry of Development, for the termination of a contract. The Court of Appeal of Halogaland, based in Tromsø, in the north of the country, ruled that the early termination of the contract awarded by the Roads Administration was not justified and sentenced the Administration to pay Ossa 16 million Norwegian kroner (1.65 million euros).

The Court ruled that Ossa, in which Alantra holds a stake, possessed the capacity and the resources necessary to perform the works and that the Roads Administration terminated the contract illegally.

The events date back to July 2014, when the Roads Administration awarded Ossa the construction of a tunnel in Sorkjosen with a length of 4,584 metres plus 1,550 metres of road outside the tunnel. The budget was around 50 million euros. The contract was signed on 28 August 2014 with a performance period of two years and four months. The scheduled date for completion was thus 1 January 2017. The works commenced in November 2014 and, four months later, the Roads Administration intervened the contract and terminated it early. It then awarded the works to the Scandinavian company Skanska. Ossa lodged a claim in the Norwegian courts. In January 2015 the court of first instance sentenced Ossa to return the advance and pay the additional costs incurred by the Administration for a sum of 9.5 million euros. Ossa appealed and the Court of Appeal has ruled in its favour. However the court did not recognize the damage of image or the loss of profit. The sentence can be appealed in the Norwegian Supreme Court, but would appear to be ruled out as there is no doctrine for reversal of the ruling.

“More than the compensation, what is important is that the courts have restored our honour after the treatment we suffered from the Norwegian authorities”, says Carlos Puente, chairman of Ossa. The company, which closed the year 2017 with turnover in excess of 130 million, was a pioneer in the Norwegian civil works market by winning the first roads contract. Acciona and OHL followed in its wake with larger projects.