

Use of Standard-form Contract

SFC  
CAJF.

Pros

1. Similar projects demand similar contracts. Some construction projects are similar to each other to a certain extent. Using standard contracts can save time for drafting contracts.
2. Standard-form contracts allocate risks fairly between the parties. Contractors will not be imposed on undue pressure due to unbalanced allocation of risks.
3. As the contractual relationships in the construction industry are difficult to be appreciated and are complicated, the use of standard-form contracts will help to increase familiarity with the contractual provisions.
4. Standardizing contract terms enables parties to reduce the emphasis on specific contractual terms during the bargaining process. This may save time in the process.

5. many precedent cases for standard form which ↓ disputes and the need for contractual interpretation.

Cons

1. The risks in different projects differ in their likelihood, severity and magnitude. The apportionment of the risks surrounding them must also differ. The apportionment of risks has to be determined on a project-to-project basis, but standard forms fail to address to this issue.
2. The appointment of risk in standard forms is rarely questioned, and therefore becomes implicit. The apportionment of risk should be explicit so that parties are more aware of the risks they are exposed to.
3. The standard forms are rarely used as printed, and amendments to them are often made. This makes standard forms not to be that standard. Fair allocation of risks may not be achieved finally.
4. The use of standard form contracts make participants in the industry only familiarize themselves with one single contract. Therefore, their understanding of the contractual issues involved is very narrow and there is often a failure to appreciate the wider issues in the context of English law. The only real answer to this problem is to understand the principles of contract law first and then to apply these principles to the standard forms.
5. Standardization goes hand in hand with an adherence to outdated methods of organization and professional patterns of responsibility. There is a failure to identify appropriate roles and a suitable organizational structure in using standard-form contracts.

6. Reduces initiative for improvement.