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**BECHTEL TO GO AHEAD WITH ROMANIAN “TRANSILVANIA HIGHWAY” PROJECT AGAINST ALL ODDS**

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Long ignored problems of local infrastructure were debated hardly in the last 10 years in Romania. The major setback of a poor infrastructure from Waste Water Treatment Plants, Potable Water Treatment Plants and ending with the bitter issue of a truly state-of-the-art highway missing from the transportation network was repeatedly retaken by the Government development programs.

For the first, funds were not so difficult to mobilize since the amounts could have been easily syndicated by Romanian and European financial development schemes. For the highway project linking the center of the country with the northwest border to Hungary (from North-West of Brasov to Oradea Bors), an asphalt strip of 258 mile (415 kilometer), the only choice for the Romanian Government was to get a reputed Contractor to assume this difficult role.

Bechtel Corp was selected to run the project based on its 110 years of experience of infrastructure projects and on its name among international engineering companies. So far Romania has had two highways in service covering short distances: A1 linking Bucharest City to Pitesti in the middle of the country, and A2 towards east to the seaside. But they are at years ago from today's standards in terms of technological infrastructure and adjacent services.

With the A3 highway Bechtel brings to the first veritable project its knowledge, expertise and experience along with a multinational team of specialists, brand new procedures and technologies for highway construction. IT and data management platforms as well as innovative construction methods will be used.

Started back in 2004, the project was soon halted after the kickoff due to some disbursement issues exchanged publicly between the Government and the Contractor. Each part claimed that its obligation under the contract was secured and the works ceased for a few months giving room for politicians to raise new issues on this 2.2 billion dollars project with regard to the contract awarding mechanism.



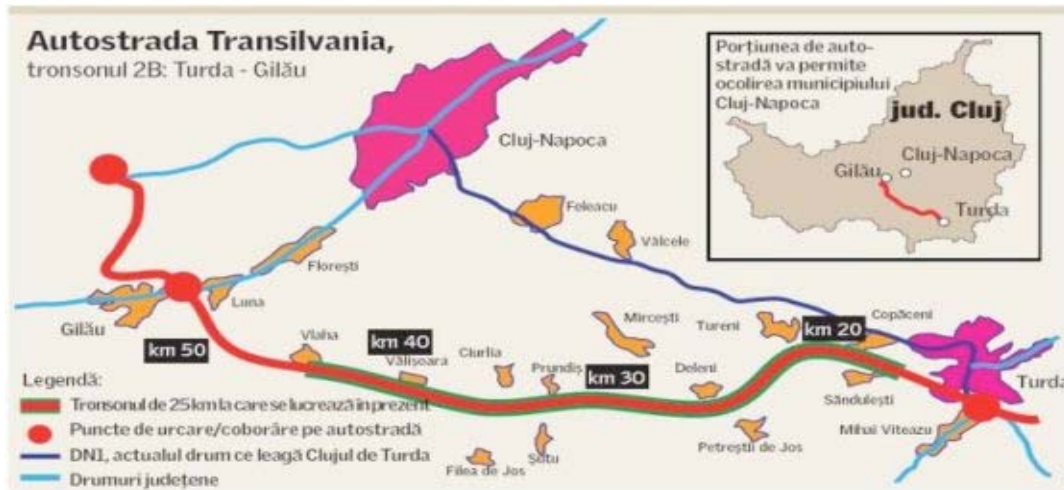
At the time of contract awarding, the EU Commission has expressed its dissatisfaction for not seeing an open competition prior to contractor selection. These allegations became sharper in the beginning of 2005 when the new Government following 2004 November elections came in power. As expected, the new officials were keener to scrutinize the payment schedule to Bechtel rather than giving the green light for construction to go ahead. The newly arrived officials ignored the contractual obligations assumed by their predecessors, and this attitude was put forth many times before by the western authorities as not a mature and responsible treatment coming from the Romanian politicians.

Despite all these political turmoil Bechtel continued its performance, even though last year of the ceiling value of 120 million euros for 2007 year some 185 were spent and the Government had to add to the budget 112 million euros more to sustain Bechtel's performance.

The advance payment issue as well as the total bill for this project remains the main obstacles between the Contractor and the Romanian Government. The tensions are still high enough since after some years from its inception the project stalls and deliverables are scarcely notable. Only a few kilometers were completed and the project became so visible that even the Prime Minister has stopped a few times on the construction site to learn from the spot how the project is progressing.



After 4 years and 600 million euros, the first kilometers were finally poured, the fact that was bitterly highlighted by the media and officials as well. The four lanes per flow strip construction project was decomposed in eight sections easily to administer and each of these eight sections ends with a highway – connecting to existing roads in order to open for traffic immediately after completion.



But besides the tons of asphalt, concrete, piles, and massive earth excavation works encountered in any project of this scale, the Bechtel Highway project runs into another type of problems, many of them with social impact. The landowners along the strip who must move away represent some of the stakeholders affected by the project.

Long and interminable negotiations between the government and the property owners were held with the aim to clear the way ahead for construction. Some of them accepted rapidly the government proposal for expropriation, but there was a big portion of them, mainly owners in the rural area through which the highway goes, who wanted to wait until the last minute to maximize their gain. This was another reason claimed by Bechtel for which the progress of performance was not as planned.

Yet, the project constitutes a learning platform for summer internship program students who joined the site teams during the summer holiday to gain experience and to get practical demonstration of the theoretical issues learned in school. This is the third year in a row that students have had this opportunity to join the paid internship program on the highway construction site. This summer 10 students were accepted to get join the construction teams for certain disciplines such as Structural Engineering, Heavy equipment for road construction, Asphalt Binders or Piling technology.



It is also worth mentioning the good chance that local companies have when working as subcontractors for Bechtel; besides their revenue, not less important is the experience and knowledge gained within this international effort. Bechtel also brings its accrued experience in terms of quality and management, and many local companies are in need of this expertise transfer. This is the best opportunity to learn from a top contractor how to deal with constraints deriving from such project.

Furthermore, speculators on the real estate market try to get in a better position by interposing between landowners who sell the properties and the government interested to cut a clean strip along the highway path or to get acceptance for further facility services along the highway: gas stations, restaurants, commercial centers, parking are and motels.

Bechtel pulls behind it a string of secondary investments associated with the main investment. Nothing new so far, it happened in every economy at its moment in evolution and going on the same tracks is a sign of normality.



Despite political arguments and delays, the project progresses on its course, driven by the social and economical needs and less by the politics. Done right, a developing country like Romania could not only raise the quality of life for citizens but also win further foreign business investments.

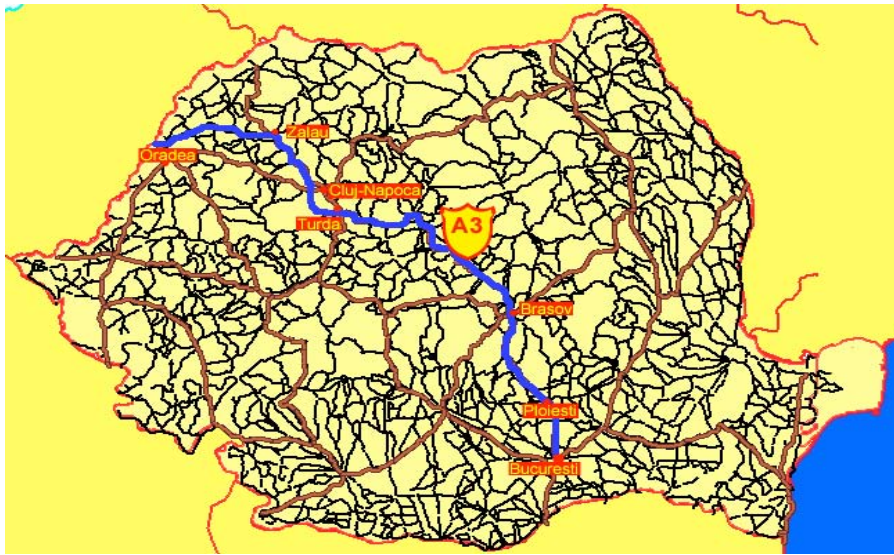
Blamed for extremely low advancement since its kick off in 2004 the Bechtel Highway Project is perceived by everyone as highly needed and expected as long as the existing transportation routes cut the country through highly populated area where speed is limited and traffic congestions could be seen almost everywhere. Besides, the reduce number of lanes make the existing motorway a dangerous sharing space of small vehicles and heavy trucks with tragic collision events sometimes. From this perspective at least, the new Transylvania highway is a great expectation.

As Edward M. Kerschner, chief investment strategist of City Global Wealth wrote “ developing countries have an urgent need to expand their infrastructure - perhaps most significant is the forecast that, by 2015, almost half the population of less developed regions will live in urban areas, thereby creating very large demand for power generation, transportation, and water and sanitation”



Romania as part of the united Europe and situated at the confluence between Mid East and Western civilizations knew for centuries that transportation routes need to cut the driving times by more than half.

Bechtel project is part of the concept, Romania really needed this highway for years and now there is a great opportunity to get it, against all odds.



Map of new A3 Highway in Romania



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