



Banking and Capital Markets

The first call for public tenders for the construction and operation of the Portuguese high speed rail network should be launched in June 2008. Several national and international players are reported to be interested in this project, which is worth around 8,000 million euros.

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Update on the Portuguese High Speed Train Project

The Portuguese Ministry of Public Works, Transport and Communications intends to keep his promise to launch the call for international public tenders for the construction and operation of the first section of the link Lisbon/Madrid (Poceirão/Caia) in June 2008, which also comprises the construction of a common rail track between Caia and Évora. This section of the project should represent an overall investment of 1,700 million euros.

The call for public tenders for the construction and operation of the section Poceirão/Lisbon should be launched in the last quarter of 2008.

According to the Minister of Public Works, the award of the tenders should take place in the second semester of 2009, due to the technical complexity of the project.

The Portuguese High Speed project is expected to represent an overall investment of approximately 8,000 million euros and has been attracting the attention of several local and international contractors, operators, infrastructure funds and banks.

Market sources report that Mota-Engil, Somague and, presumably, Teixeira Duarte, three of the largest Portuguese construction companies, will form one of the consortia that will bid in the high speed train projects.

Brisa, the largest Portuguese motorway operator, BCP, BES and other main Portuguese contractors, which may include Bento Pedroso, are also reported to be finalising the formation of a second consortium. It is likely that TIIC - Transport Infrastructure Investment Company, the infrastructure fund formed by Brisa, Millennium Investment Banking and La Compagnie Bengajmim de Rothschild, will be one of the members of this group.

Other local and interantional players, including among others Soares da Costa, Dragados, FCC, Cintra, Ferrovial, OHL, Bouygues, Vinci and Eiffage should also join the existing groups or form new consortia to bid in upcoming tenders.

It is expected that there will be at least three but most likely four or more groups will be bidding in the Portuguese high speed projects.

According to the business model announced in 2007, the project will be divided into six concessions, with the duration of forty years. The construction of the infrastructure will be split in five sections of the rail network, each awarded to a different consortium:

- (a) Two sections of the link Lisbon/Oporto;
- (b) Two sections of the link Lisbon/Madrid; and
- (c) One section of the link Oporto/Vigo.

The telecommunications and signalling systems will be commissioned and operated by a separate entity.

The operation of passengers' service will be carried out by private operators operating the rolling stock under a lease from the Portuguese State.

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