

**Banking and Capital Markets**

The call for public tenders for the construction and operation of the first section of the Portuguese high speed train network (Poceirão-Caia), worth around €1,450 million, was announced on June 2. The bidders will have four months to submit their tenders.

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Government launches call for tenders for the first section of the High Speed Train Network

The Portuguese Prime Minister announced the call for tenders for the construction and operation of the first section of the Portuguese high speed train network.

The construction of the section Poceirão-Caia, which is part of the link Lisbon-Madrid, represents 28% of the overall high speed rail project and will cost around €1,450 million, €250 million below the initial budget.

The concession of the section Poceirão-Caia comprises the construction and operation of 167 Km of high speed rail tracks, including the stations of Évora and Caia. The project also includes the construction and operation of a 92 Km common rail track between Caia and Évora. The rail lines will be prepared for the transportation of both passengers and freight.

According to the Government's announcement, around 6,100 million passengers are expected to travel in the link Lisbon-Madrid per year. The number of passengers may reach 9,500 million per year in the next decades.

The tender procedure will be subject to the Public Procurement Code (PPC), which, among other things, will determine the exclusion of bids 40% below the base price and impose limitations on the value of additional works required by the contracting authority.

The PPC will also require the performance of several formalities in relation to the procurement procedure using an Internet platform, although in this first tender the bids will be submitted in paper form.

According to the tender schedule, the bidders will have four months to submit their tenders. The award of the concession is expected to occur in the third quarter of 2009 so that the link Lisbon-Madrid can enter into operation in 2013. The concession's term will be of forty years, starting on the award date.

Based on the information provided by the Government, the political and planning risks in relation to the project will be assumed by the Portuguese State. The risks concerning the financing, construction, archaeological findings and operation of the concession will be run by the concessionaire. Finally, the risks related with safety, traffic and *force majeure* events will be shared between the Portuguese State and the concessionaire; when possible, *force majeure* risks must be covered by insurance.

The Government also pledged to compensate the losing bidders for the costs incurred with the submission of the tenders. With respect to the tenders for the construction and operation of the first section, the overall amount of the compensation will be up to €1 million, which will be distributed among the bidders based on the quality of their proposals.

More information on the project can be found at RAVE's website at www.rave.pt.

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