

**Banking and Capital Markets**

The Portuguese government has announced the construction and improvement of various roads and motorways under public-private partnership schemes which will represent an investment in excess of EUR. 1,000 million.

Once these roads enter into operation, approximately 75% of the national road plan will have been completed.

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**Government Announces New Road Concessions**

The Portuguese Government has announced three new road concessions which will be launched in March in connection with the conclusion of the National Road Program (NRP): the concession for the rehabilitation of the National Road 125 (EN125), the Litoral Oeste concession and the Centro motorways concession.

The construction and renovation of these roads will be carried out by the private sector operating under the concessions to be awarded by EP - Estradas de Portugal, S.A. (EP), the public undertaking that is now responsible for managing and operating the Portuguese road network on behalf of the State.

The improvement works on the 153 Km national road EN125 which crosses the entire district of Faro, in the Algarve, includes the widening of the road, the construction of gravel traps for local traffic and the installation of a signaling and speed control systems along the entire road.

The Litoral Oeste concession will connect A1 and A8 near Leiria (IC36) by motorway and will also include the IC9, between Nazaré and Tomar, and the IC2 to Batalha. Under this concession, 80 kilometers of new roads will be built, in an overall investment of around 260 million Euros.

The Centro motorway concession includes the construction of new motorway stretches to the IP3, between Coimbra and Viseu, to the IC2, between Mealhada and Oliveira de Azeméis, and to the IC12, between Mortágua and Mangualde. 191 kilometers of motorway will be built, which represents an investment of 740 million Euros.

The public tenders for each of these concessions should be launched by the end of March, although the actual dates have not been announced. The public tender for the award of the Alto Alentejo Motorway Concession will only be launched in the second half of 2009.

As part of the NRP, the international public tenders for the award of the Transmontana Motorway, Douro Interior, Baixo Alentejo and Baixo Tejo concessions that were launched in 2007 are now in the bidding phase and should be awarded before the end of 2008.

According to the Government plans, all new road concessions should be completed in 2011, except the Alto Alentejo concession, which is expected to be completed in 2112. From the 547 km of new motorways, 369 km will be tolled and 178 km will not. By 2012, 75% of the NRP should be completed.

Given Portugal's long experience in PPP road concessions, several local and international investors, contractors and banks will be interested in these projects. However, unlike the former road concessions that were granted by the State, the public sector obligations under the new concessions will be performed by EP, now a limited liability company, which could raise some issues as to whether there is any legal recourse against the State should EP default on its obligations.

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