

Portugal

Trends to Track in the Transport Sector

*Pedro Melo and Sandra Tavares Magalhães**

It is well known that transport plays an important role in today's economy and society and has a large impact on growth and employment. Call for investment in this sector, particularly in the aviation and rail sectors, is underway.

The Portuguese Government has recently approved a decree-law that initiates the process of re-privatising the state-owned airline TAP, by means of which it plans to sell a controlling stake of at least 51%, with a view to develop the national aviation sector. Up to 5% is reserved for the employees.

Keeping Lisbon's airport hub as a centre of operations and connectivity and safeguarding TAP's strategic role for Portugal will be the key conditions of the airline's upcoming re-privatisation. To that end, bidders must be sector players with relevant scale in the aeronautical area, not investors of a strictly financial nature.

The re-privatisation has already attracted interest from three major global carriers: Lufthansa, Air France-KLM and IAG.

The process of choosing the strategic, financial and legal consultants who will advise the State on this operation will now begin. The aim is to present the specifications to the Council of Ministers by the end of 2023 or, at the latest, the beginning of 2024,

which will specify the implementation and weighting of the strategic values that the Government has defined as priorities.

This will be followed by the submission of bids. There may be a first pre-qualification phase and a second phase of binding offers.

Related to this topic is the location of the new international airport, which is expected to be defined by the end of this year, and there are several possible locations. This will be one of the biggest investments to be made in Portugal, with a large construction and transport part associated with it.

Also, in the field of transport, the Government intends to strengthen the Country's railway connections. To this end, it plans to launch a public procurement procedure for the construction of the high-speed railway line between Lisbon and Porto (Porto-Soure line) at the beginning of 2024, which will comprise a construction and a concession component.

In this context, it should be noted that Portugal has a very sophisticated legal framework and an extensive experience in privatizations, construction and PPPs. Having said that, it's important to outline that the referred forecast may suffer significant changes. In effect, Portugal's Prime Minister has just resigned (on 7 November 2023) and, therefore, general elections will be held only in March 2024.

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* Pedro Melo and Sandra Tavares Magalhães are lawyers at Miranda & Associados – Law Firm, Lisbon. For correspondence: <pedro.melo@mirandalawfirm.com>; <sandra.magalhaes@mirandalawfirm.com>.