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by Lulu Rumsey

## Internationals allowed into São Paulo metro bid for first time

[Pereira Neto | Macedo Advogados](#) has advised one of the winning consortia in a bid to construct the 6.7 billion reais (US\$2.8 billion) extension of São Paulo's metro – believed to be the first time foreign companies have been allowed to bid for contracts to provide tunnel boring technology in a Brazilian infrastructure project.

Pereira Neto advised Consórcio CR Almeida-Ghella-Consbem, a consortium formed of Brazilian engineer CR Almeida and Italian construction company Ghella, which previously worked on the metro in Caracas. A second consortium, Consórcio Linha 2 Verde-Vila Prudente-Dutra, also submitted a winning bid and is understood to have been advised by Albino Advogados Associados. It is comprised of two Brazilian companies as well as Portuguese engineer Somague.

São Paulo Metro is extending Line 2 by 14.5 kilometres. It splits its civil works projects into specialised areas, which companies can then bid on. CR Almeida-Ghella-Consbem and Linha 2 Verde-Vila Prudente-Dutra both won tunnel construction contracts. In the past only local bidders were able to present proposals for tunnel boring, known to be the most expensive area of construction. In this particular project, CR Almeida-Ghella-Consbem bid to invest US\$778 million in tunnel boring, while Linha 2 Verde-Vila Prudente-Dutra bid US\$618 million, representing almost half of the total cost of the line.

In the past, international companies have not been deemed qualified to provide tunnel boring machines (TBMs) in Brazil as the technical expertise must be evidenced by certificates issued by local councils of engineering, which are issued by states, in order for them to bid. Foreign companies have struggled to register projects done outside Brazil with those local councils, meaning that until now tunnel construction for transport projects has been steered by local companies. The issue of allowing foreign participation has been raised in the past, notably during construction of lines four and five of the São Paulo metro, but in both cases only local companies were qualified to bid.

TBMs are commonly used to build tunnels for transport projects in urban areas, although state owned oil company Petrobras has been known to use the technology to build oil and gas pipelines. Both Ghella and Somague will be providing the TBM technology within their respective consortia. "This is the first time foreign companies have been deemed qualified to do this type of work in Brazil," says [Pereira Neto](#) partner [Caio Mario Pereira Neto](#). "The challenge was demonstrating that

the foreign companies were qualified to use the tunnel boring machines.” Doing so required the submission of documents evidencing the companies’ work in other jurisdictions to prove their qualifications after Brazilian companies challenged whether Ghella and Somague should be allowed to bid in litigations brought before the state accounting tribunal of São Paulo. Those lawsuits were eventually dismissed in Ghella and Somague’s favour.

Another consortium, Consórcio Construcap-COPASA Obras Civis Linha 2, was advised by Justen, Pereira, Oliveira & Talamini, but did not win any of the eight sections of the project available for bids. Another bidder, Consórcio HFTB Linha 2 Verde, was advised by Dal Pozzo Advogados, while two others, Consórcio Cetenco-Acciona-Ferreira Guedes and Consórcio Carioca Ferrovia are understood to have been advised by Manesco, Ramires, Perez e Azevedo Marques and Edgard Leite Advogados respectively.

The two-year bidding procedure culminated on 27 September. The metro’s green line currently runs between Vila Madalena and Vila Prudente – the extension from Vila Prudente will see some 13 new stations added, with the new line expected to open as early as 2017.

#### **Counsel to Consórcio CR Almeida-Ghella-Consbem**

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Partners **Caio Mario Pereira Neto** and **Joaquim Porto Moraes**, and associate **Mateus Piva Adami**

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