Picking out the positives

The uncertainty regarding Brexit continues to cast a shadow over the Spanish and Portuguese economies, but Iberian lawyers are taking positives from the whole affair – meanwhile, the debate about global firms versus networks and 'best friends' rages on

As the Brexit saga rumbles on, lawyers in Spain and Portugal are trying to see the bright side. Some partners in Spain feel that the country could benefit from the desire of some European bodies and financial institutions to relocate some, if not all, of their UK operations to mainland Europe. That said, there is a view that Spain could have made a bigger effort to promote itself as a potential location. Yet, there is a belief that law firms in Spain and Portugal could be receiving instructions from clients that want to establish themselves in Madrid, Barcelona and Lisbon due to the fallout from last year's UK referendum. What type of Brexit will we eventually see? A 'soft' one? A 'hard' one? Or something in between? Few people can answer these questions with any real authority, however, there is a view among some lawyers in Spain that what we will end up with will be something rather similar to what we have already – this conclusion is based on the view that a 'soft' Brexit is "in the interests of everyone", as one partner says.



"I'm not sure how Brexit will end, but I think we will end up in a similar position, the UK can't afford a hard Brexit."

Adolfo Zunzunegui
Allen & Overy

Leaving aside the Brexit question, lawyers in Iberia highlight significant opportunities in Latin America, China, Lusophone Africa, Australia, the Middle East and the US. The question is how best to serve clients in foreign jurisdictions. The debate about the best strategy rages on – some say that networks or 'best friends' relationships are no substitute for a law firm that has its own office in the relevant jurisdiction, but those on the other side of the fence counter that an independent firm will ensure that they find the client the best lawyers in each practice area in each jurisdiction regardless of which firm they work for.



Brexit rethink

Brexit has meant that financial institutions are having a rethink regarding where they will base their operations, says Allen & Overy partner Adolfo Zunzunegui. However, he adds that, while Germany, France, Ireland and Luxembourg are under consideration, "Spain was not quick enough to propose itself as a possible location, though it might get a piece of cake, there might be some bank business units moving here".

Roca Junyent's Madrid managing partner Carlos Blanco agrees that Brexit presents a "window of opportunity", given that some businesses might move back-office operations to Spain. He adds that Brexit could also lead to some UK firms reassessing their structure and opening offices in the Spanish market. Blanco also points out that Spain is among the countries bidding to host the European Medicines Agency after the decision was made to relocate it from the UK due to Brexit. It is also anticipated that the European Banking Authority will also be relocated from the UK.

The recovery of the Spanish economy has largely been a result of the international expansion of Spanish corporations, says Uría Menéndez partner Fernando Calbacho. He adds that this expansion has taken place in Australia, Latin America, Europe, Africa and Asia, but the most attractive markets are those that have more potential for expansion. Calbacho continues: "A key area is Latin America, specifically Chile, Colombia, Peru, Argentina and Brazil - in these jurisdictions, there are opportunities for M&A and financing work."

International disputes deriving from "soured" M&A transactions and investment claims financed by third party funders – including one brought before the US courts – have been among the matters handled by Araoz & Rueda, according to the firm's partner Clifford Hendel. He adds that Spanish renewable energy disputes are creating opportunities, in addition to transactions in a range of sectors.

Latin America – specifically the Pacific Alliance countries (Mexico, Colombia, Chile and Peru) as well as Brazil – is currently the key area of opportunity, according to Cuatrecasas partner and the firm's international head Antonio Baena. He adds that his firm is also particularly active in Asia and the Middle East, and also identifies growth potential in the Lusophone African countries (Angola and Mozambique). Baena says: "There continues to be an influx of investors from these countries coming to Spain and making acquisitions, looking for prime assets and robust companies. In addition, we continue to experience a constant stream of work from the UK and the US"

Meanwhile, corporate restructuring is taking place across Europe as companies anticipate the possibility of having to pay customs when trading with the UK following Brexit, explains Deloitte Legal partner Ignacio Echenagusia. He adds that this will create new business in the UK for law firms. Echenagusia continues: "Meanwhile, there is a lot of investment in Spain coming from China."

White & Case partner Juan Manuel de Remedios says there are significant opportunities for project and infrastructure-related work in Australia, where the firm advises Spanish clients on projects involving roads, bridges and hospitals, for example. De Remedios adds that there is also an increase in international disputes involving Spanish construction companies.

Starting from scratch

The current focus for Andersen Tax & Legal is building its network in Europe and Latin America, according to partner Gonzalo Cerón. However, he adds that there are also notable opportunities in South Africa and Nigeria, particularly in the areas of projects, acquisitions and global restructurings. Meanwhile, Cerón says that Cuba also has considerable potential: "It's an interesting jurisdiction for the future, Cuba has to build its infrastructure from scratch." That said, investors from China and France, for example

What is your firm´s strategy for serving the international needs of clients?

"CMS Rui Pena & Arnaut is part of CMS, the third most global full service law firm and the largest in Europe with 70 offices in 39 countries worldwide. CMS recently extended its geographic reach, opening new offices in Tehran and Hong Kong." **Mónica Carneiro Pacheco, partner, CMS Rui Pena & Arnaut**

"Ecija is facing an important moment with regard to expansion. While we are members of different international networks (Meritas, World IT Lawyers) that allow us to offer our services in more than 70 countries, the integration of 'best friends' with similar corporate cultures and know-how is undoubtedly an excellent way of expanding in potential markets where there is a requirement to have our own office and an in-depth knowledge of the market, culture and legislation." **Alejandro Touriño, managing partner, Ecija**

"Our strategy is based on having fluent relationships with a number of firms in key jurisdictions – such as the UK, Germany, France or the US – which do not have the Spanish side covered, but at the same time offer the quality our clients need when moving abroad." **Norman Heckh, partner, Ramón y Cajal Abogados**

"Our firm is the Spanish member of two networks: PLG International Lawyers and the International Network of Boutique and Independent Law Firms (INBLF). Our membership of these networks enables us to provide quality service to our clients nearly all around the world in all areas of law, and to interact with other member firms when required." **Jordi López Batet, managing partner, Pintó Ruiz & Del Valle**

"Opening offices in foreign jurisdictions in not a realistic approach for us, considering our focus. We continue to invest to strengthen networks/best friends relationships with reputed local firms providing the service level our clients are used to. One of our partners is a member of the executive committee of Ius Laboris." **Pedro Pinto, partner, Pbbr**

"AAA has developed a network of law firms or experienced and specialised lawyers in Europe as well as in other jurisdictions where some of our clients have a particular interest (for example, Brazil, China, Angola, Mozambique). This type of relationship ('best friends' or 'close friends') has proved efficient and to clients satisfaction. So far there is no reason to change strategy, but rather to enlarge the network to the extent necessary." **Dulce Franco, partner, AAA Advogados**

"A specific feature of our firm is that it was incorporated in Angola and has then expanded and become international, namely entering into the Portuguese and Mozambican markets. Apart from opening offices in different jurisdictions, AVM is also a member of the GGI – Geneva International Group which includes a network of leading law firms." **António Vicente Marques, founding partner, AVM Advogados**

"SPS is a full member of ALFA International, a global legal network with 150 member firms throughout the world. It proves to be very effective for both inbound and outbound work across the world." **Manuel Gibert Prates, founding partner, SPS Advogados**

"We are members of the State Capital Group, a worldwide lawyer network. We are also the only Spanish member of IsFin, the most important association related to Islamic finance. We will continue our international presence maintaining our relationship with our best friends and various networks as well as our relationship with international clients – foreign clients represent around 70 per cent of our business." **Luis Marimón, partner, Marimón Abogados**

"We started our relationship with Trans European Law Firms Alliance (TELFA) in 2001 and we find it is the best alliance for European matters. Contacts among members are frequent and sustained and there is very little turnover among firms, meaning that we have known and worked with each other for years." **Juan José García García, partner, Yingke Adarve Law Firm**

"From our base in Madrid and in collaboration with our "best friend" Bufete Internacional in Havana, we coordinate the Latin, North American and Chinese Desks; from Tehran, the Caspian Desk; and from Dubai, through the strategic partnership that we have with BSA, we have developed a network of firms in Lebanon, the Persian Gulf and the surrounding areas. Finally, we coordinate our African department from Algiers." **José María Viñals, partner, Lupicinio International Law Firm**

"In Angola and Mozambique, we have joint offices, as the law requires, but in China we have offices in Beijing and in Malta we have an office in La Valleta. We are also members of several general networks such as Globalaw and Parlex, as well as more focused networks such as CBBL, Cross Border Business Lawyers, the premier network for German Speaking lawyers, and Euro IT Counsel." **João Caiado Guerreiro, managing partner, Caiado Guerreiro**

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are more active in Spain than Cuba, he adds.

On the issue of Brexit, Zunzunegui says that, despite the current uncertainty, he believes the outcome will not be dissimilar to the current situation. "I'm not sure how it will all end, however I cannot see the UK not continuing to do business as it has done in the past, I think we will end in a similar position, the UK can't afford a hard Brexit," he says. Another partner at a global firm remarks that a 'soft Brexit' is "in the interests of everyone". He adds: "Brexit is not a good opportunity for us in the long-term."

One partner remarks that his firm has some medium-sized renewable energy sector clients that find the Spanish market too small, and consequently the firm has advised such clients on investments in Asia, Latin America and the US. He adds that his firm's strategy is not to have 'best friends' in foreign jurisdictions. "We don't have formal 'best friends', we tell our client that we can find them the best firm in the relevant jurisdiction – our best friend may not be best for the client." He continues: "Networks are interesting in theory, but we'd rather stay open." Other lawyers say that, while you can build personal relationships with partners at other firms, such relationships do not have to be formalised. One partner adds: "You have to offer clients a seamless quality [in foreign jurisdictions], you need a strong culture."

Each law firm has a different strategy when it comes to serving clients in foreign jurisdictions. One option is to find the best lawyers in each jurisdiction for your client, the other is to accompany your client abroad and "make money", as one partner puts it. Another lawyer argues that the major Spanish firms "have to be picky" about the jurisdictions they choose to focus on: "Latin America makes sense, but they could not start from scratch in other European jurisdictions."

What are now the most significant international (non-Iberian) opportunities for law firms?

"The economic recovery, and political stability in the main economies of Western Europe, as well as low interest rates offer an opportunity for M&A transactions, both-cross border as well as those involving direct investment in Spain. It is likely that private equity funds will continue investing and divesting to complete their asset rotation cycles." **Álvaro Sainz, senior partner, Herbert Smith Freehills**

"There are several international markets where we can add value to clients in particular in Africa, South America and China." **Nuno Azevedo Neves, country managing partner (Portugal), DLA Piper**

"In a global world, we accompany our clients in their cross-border operations. A growing number of Spanish companies have started their internationalisation and require legal advice." **Rafael Suárez de Lezo, co-founder and partner, CMS Albiñana & Suárez de Lezo**

"The US market is very important and even more so now that Trump's administration has recently declared that they will increase investment in the energy and infrastructure sectors. Spanish companies have traditionally been involved in both sectors in the US and have an international reputation. Therefore, we expect them, and the Spanish law firms accompanying them, to benefit from all new incoming energy and infrastructure projects in the coming years." **Iván Delgado, resident partner (New York), Pérez-Llorca**

"Concerns about the consequences of Brexit are in the spotlight. As a result, there are opportunities with London-based financial companies looking for existing, and CNMV-recognised, regulatory schemes in order to be able to operate from the EU. From the tax point of view, and related to Brexit, we are seeing some political movements aimed at making the tax system more attractive for UK nationals residing in Spain. However, other EU countries such as Portugal, Switzerland or Belgium are ahead in terms of these policies." **Adolf Rousaud, managing partner, RCD – Rousaud Costas Duran**

"The globalisation of companies, the creation of cross-border partnerships, investment management, entrepreneurial support and start-up companies. Also, cybersecurity, privacy, e-commerce and advancement of social networks." **Javier Cremades, founding partner, Cremades & Calvo-Sotelo Abogados**

Brand awareness

Some partners argue that a law firm's brand is not particularly significant when it comes to winning new business. Cerón says that when Olleros Abogados (of which he was formerly a partner) joined Andersen Tax & Legal, "we feared we may lose some clients, but that hasn't happened – I think the name of the firm is important, there is value in a brand, but you have to build it on a daily basis." Another partner puts it more bluntly: "If anyone thinks the power of a brand will win you work, you are wrong, though we are happy if clients want to follow our brand." The main objective for law firms is to have "big clients who are loyal, this is ideal," says one partner.

The more international a client is, the "wider the spectrum of lawyers they use", says one partner working in the Madrid office of a 'Magic Circle' firm. He adds: "There might be questions about fees, but we need to build trust, we are competing every day with lawyers who are as good, or better, than us." One partner argues that clients don't want to be completely dependent on one law firm: "If you handle all legal aspects for the client, it's more difficult for them to negotiate on fees."

There has been an economic recovery in Spain, and in the European Union, says Blanco, with Spain being an "attractive target for investors, particularly from the US and the UK." According to Baena, Spain is a "solid investment opportunity for international players", while he adds that Latin America is a key market for Spanish firms. However, another partner argues that Spain has "not escaped from the crisis". He adds that there is still a reluctance on the part of some investors to invest in Spain, and expects that, for his firm, the financial results for 2017 will not be as good as they were for last year. "We need regulatory certainty," he says. Yet, the partner also comments that there will be a lot of opportunities for arbitration and there is also a lot more investment in Spain from China.

Echenagusia argues that Spain is recovering from the crisis and starting to grow. He continues: "There will be activity in the tourism sector, Chinese investment in real estate, as well as deals in the financial sector." Meanwhile, Hendel expects a lot of dispute resolution work in the coming year. "Spanish companies are increasingly active internationally, inevitably this will trigger an increasing number of disputes, particularly arbitrations, in the traditionally litigious construction and energy sectors, in which Spanish companies are significant international players," he says. Hendel adds: "While Spanish companies continue to have reservations about arbitration in domestic matters – and looking at some of the judgments handed down by the Spanish courts, one can perhaps understand these doubts – international arbitration is accepted as the only game in town for disputes of an international nature."



Lawyers also anticipate that there will be significant M&A work in the coming year, as well as capital markets activity, financial litigation and regulatory work. In addition, tax litigation, corporate compliance and data protection matters are expected to produce a raft of instructions for lawyers.

According to Calbacho, there is uncertainty about which law firm model will prevail in the future. He adds: "Forty years ago, there were no global law firms, now we have seen the growth of global law firms, how will local or regional firms cope? I don't know which model will prevail in this competition. They will probably continue to co-exist."

Portugal: Tackling Brexit

From an international perspective, Brexit is without any doubt the most significant challenge facing Portuguese law firms, according to Nuno Galvão Teles, managing partner at leading Lisbon firm MLGTS. "The uncertainty regarding negotiations is already causing a strain on many sectors," he explains. "The impact of the decision will be felt not only in the short term, but also in the long run, and will necessitate a lengthy process of adjustment." However, Brexit also offers a number of opportunities, according to Galvão Teles. These include businesses relocating some of their operations, but also adapting their business models to meet the needs of the post-Brexit environment.

Meanwhile, cybersecurity and data protection are among the key priorities for European legislators, says Galvão Teles. He adds: "Legislators are trying to keep pace with technology, and companies are struggling to find safe ground – changes in regulations relating to personal data protection have considerable impact on economic activity, and impact on the daily life of every company."

> "The uncertainty regarding Brexit negotiations is causing a strain on many sectors."
> Nuno Galvão Teles
> MLGTS



The internationalisation of Portuguese companies is another trend generating plenty of opportunities for Lisbon law firms, according to PLMJ managing partner Luis Pais Antunes. "Lawyers are increasingly crucial when it comes to identifying and understanding the challenges that face anyone who wants to invest in another country," he argues. "It is not possible to define an effective internationalisation strategy unless the client obtains preliminary information on the legal and regulatory framework of the new target markets, and the forms of establishment and procedures to be followed from their lawyers." Pais Antunes adds that Portuguese law firms are becoming more heavily involved in cross-border dispute resolution. He says: "Portuguese lawyers have experienced growing demand for them to join panels, lists of arbitrators and the world's leading arbitration centres."

VdA Vieira de Almeida partner Rui Amendoeira says oil industry work in Angola has been a key area of growth for the firm. In the last year, for example, the firm advised on the restructuring of the national oil company Sonangol. Amendoeira says: "Our international work has increased exponentially in the last two years, and currently represents anywhere between 20 per cent to 25 per cent of the firm's turnover, up from less than 5 per cent in 2015." He adds that, in order to meet this rapid growth in demand, the firm has taken the steps of reassigning fee earners from domestic practice

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teams to international teams, as well as expanding the number of multidisciplinary teams that are capable of handling work across different jurisdictions. In addition, the firm has also made lateral hires of associates from competitor firms that have experience in international work.

Unusually for a Portuguese law firm, CCA Ontier has identified Latin America as one of the regions offering the best opportunities for growth. Managing partner Domingos Cruz highlights the "democratic stabilisation and economic growth" of countries in Latin America, as well as the "creation of policies to better distribute wealth" as reasons to be optimistic about the region's prospects as a source of legal work. "Their [Latin America's] middle class now requires health, education, services, energy and infrastructure that currently doesn't exist – the inadequacy, or nonexistence, of these kind of public resources is an opportunity for private investment through public-private partnerships (PPP)." Cruz adds that the low cost of Brazilian assets have attracted significant interest from foreign investors and contributed to a buoyant M&A market.

However, Linklaters' Portugal managing partner António Soares argues that the priority markets for Portuguese law firms are still the Portuguese-speaking countries – such as Angola, Brazil, Mozambique and Timor – as well as Macao. "These markets continue to be the main source of the international work for firms with a presence in Portugal," he says. This view is echoed by Duarte Garin, managing partner of Uría Menéndez-Proença de Carvalho who says the close relationship Portugal has with Portuguese-speaking countries around the world, particularly in Africa, presents a "great opportunity". He adds: "The firms that develop their ability to offer services in different countries, while ensuring the same standard of quality, through lawyers that share their experience and local knowledge – irrespective of the nature of the arrangement between those lawyers – will be in a unique position to serve clients in those countries."

While acknowledging the benefits of Portugal's strong ties with Angola and Mozambique, SRS Advogados senior partner Pedro Rebelo de Sousa highlights Asia, and Singapore in particular, as having significant potential. "Where we see real opportunity is Singapore, through which we are accessing the greater Asian region, including Australia and India."

How are clients' international requirements impacting on the way law firms do business?

"While clients expect access to a global legal network with lawyers in different jurisdictions, at the same time, they are expecting from their lawyers an understanding of local business and the capacity to accommodate each project locally to get successful results." **Roberto Pomares, partner, King & Wood Mallesons**

"We are becoming "project managers" of the international transactions performed by our clients. We are leading and managing international teams of lawyers; therefore, we must rely on our partners and best friends in different jurisdictions. We also negotiate and lead the negotiations for our clients abroad, meaning that we have to understand different ways of thinking and doing business. We have to be very open minded and try to understand other parties' mentalities, which requires us to change our mindset. We need lawyers completely bilingual, with work experience in other jurisdictions, ready to work in any place of the planet, and ideally, we need teams of multicultural lawyers." **Núria Martín, partner, Osborne Clarke**

"The international requirements of our clients have an impact on the firm's strategy. Our clients operate at an international level – we have to reorganise ourselves and adapt our structures and talent to better serve our clients globally and that means adding value to advice, not only in respect of legal issues but also with regard to knowledge of the markets and international business regulations." **Mónica Weimann, partner and international strategy commission coordinator, Gómez-Acebo & Pombo**

"Clients want a trusted adviser who will accompany them throughout the whole process. They demand proximity, knowledge of the market/sector, proactivity and professional synergies. Clients are also increasingly demanding that lawyers create business opportunities for them." **Julio Veloso Caro, partner, Broseta**

"They want to anticipate forthcoming legal trends, so they require creative and business-oriented lawyers with a global vision who are not only focused on local legislation. They are very demanding regarding deadlines and want brief practical responses rather than highly technical ones." **Aurora Sanz, partner, Grant Thornton**

"Clients present in international markets expect their lawyers to have the ability to effectively act in an international environment, which implies: (i) understanding, speaking and writing fluently in English (and/or other non-native languages); (ii) knowing most of the international legal contexts, models and templates applicable in cross-border issues; and (iii) being available and able to expediently deliver opinions, drafts and advice in a very timely and efficient manner." **Rafael Lucas Pires, partner, Serra Lopes, Cortes Martins & Associados**

"Clients operating internationally expect their service providers to reduce the barriers associated with internationalisation. To meet this need, law firms must have in-house foreign lawyers and a wide international network used to working as a single organisation on a daily basis." **Ignacio Ripol, partner, DS Ovslaw**

"For independent law firms such as ours, it is becoming essential to be able to support clients around the world in areas such as M&A and joint venture projects as well as in court. This means firms must be able to manage and coordinate teams of lawyers abroad, as well as to be ready to be coordinated as a team member in projects coming from other jurisdictions." **Sönke Lund, partner, Monereo Meyer Marinel-Lo**

Law firms need a 'global vision' to best serve international clients

A strong international network of professionals who share values and 'speak the same language' is essential for providing the advice clients need

Catering for the needs of an international client base requires a global vision, according to EY Abogados managing partner Félix Plasencia, who says combining different perspectives is key to providing the practical advice clients need, in addition to legal advice. Such practical advice involves being specialised business advisors with a "deep knowledge of our clients' industry sector and an understanding the challenges they face," he adds. Plasencia continues: "Clients look for comprehensive solutions which consider all aspects of their business, and a cross-practice approach is key to achieving this."

As well as having a multidisciplinary offering, law firms must ensure that there is seamless integration between teams in terms of quality standards, principles, philosophy and culture. "Having a strong international network of professionals who share values and speak the same language is essential," says Plasencia.

The pace of change and the scale of disruption caused by data, digital technologies, and globalisation means organisations must evolve to survive, according to Plasencia.

In addition to addressing legal issues, clients also demand that their legal advisers make good use of technology, especially in the context of cross-border M&A transactions or compliance projects that span multiple jurisdictions. "Our integrated approach extends to technology, and we offer data analytics and digitalisation services – in the context of tax and legal services – in response to the increasing demand for legal technology." Plasencia adds that EY Abogados handles mass information on behalf of clients – in its Artificial Intelligence Center Of Excellence – to reduce time and client costs significantly. "Resembling how start-ups are organised and based on recent strategic thinking, we have also designed an 'agile network'-type structure that plans, develops and executes successfully tested and proven 'go-to-market' initiatives for clients."



Félix Plasencia

Restructuring and gas projects offering potential for law firms in Angola

Corporate restructurings as well as gas and liquefied natural gas (LNG) projects are growing areas of work for law firms in Angola, according to Rui Amendoeira, partner and head of the oil and gas department at VdA Vieira de Almeida.

"Notwithstanding the current downturn, work opportunities are plentiful in the oil industry," he says. "VdA is currently the leading Portuguese firm in Angola and we expect to be even more active in the foreseeable future." Amendoeira added: "We have been appointed as lead legal advisors in most of the largest transactions and projects taking place in the oil and gas sector in Angola in recent months".

Major opportunities include restructurings, gas and liquefied natural gas (LNG) project development and farm-out, farm-in transactions (deals involving the transfer of interests in oil production agreements to third party licensees). In addition, arbitration and litigation is on the increase, while law firms are also receiving more instructions from clients in the banking and finance sector.

Meanwhile, the economic prospects for Mozambique – as well as countries in Francophone Africa – look good, which means they too offer significant opportunities for law firms. "Short-term difficulties aside, these countries have young and growing populations and their economies are likely to continue to expand in the future," says Amendoeira.

While 'best friend' relationships can be an effective way of serving clients in foreign jurisdictions, the goal should be for such ties to evolve into "closer integration", according to Amendoeira. He adds that, in Angola and Mozambique, VdA Vieira de Almeida's approach has been to have affiliated and "closely integrated" local offices on the ground in each jurisdiction.



Rui Amendoeira