

CHINESE INVESTORS KEEN ON STRATEGIC INVESTMENTS IN SPAIN - BDO

Posted on 12/07/2016



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Despite China's economic slowdown, investors from the country remain keen on assets in a number of Spanish industries, though political uncertainty means interest is cooling

Chinese companies continue to eye Spain as a market that has a diverse range of sectors offering good potential for strategic investments, says Ignacio Legido, partner and director of the legal department at BDO in Madrid. However, he adds that interest has cooled recently due to China's economic slowdown and political uncertainty in Spain.

Legido says that Shanghai-listed companies have become aware of the strategic importance of holding assets in Spain if they want to increase their access to European markets. He adds: "As listed companies in China, they often seek to buy into large companies and assets with little debt so as to not affect their stock market value, and their success will open a path for other investors eyeing Spain."

Law firms' biggest challenge is generating trust with Chinese clients, especially when dealing with

investors that are disbursing capital abroad for the first time, Legido says. He continues:

"Once that trust is established and the investor finds the expertise they are seeking, the next challenge is to provide continuous advice and clearly define their expectations regarding their investment targets."

Legido identifies the clash of business cultures as a major obstacle for Chinese investors, given the big difference in approaches to investment in Europe and China. "Even though an investment volume may be significant, that does not mean that requirements in Europe will be made more flexible and law firms must remain a constant companion to a company during its investment process to ensure its success," Legido says.

In Legido's opinion, China's economic slowdown has had an effect on investment volumes in Spain as listed companies have seen their share value drop, which has reduced their capacity for overseas investment. He adds: "The political uncertainty that has emerged in Spain has also meant that many Chinese investors have decided to wait a few months before resuming their analysis of opportunities here."