

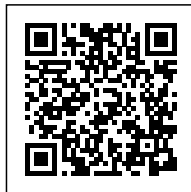
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The economic recovery, when it comes, is not likely to be home-grown

Los abogados de la Península Ibérica están terminando el año rodeados de incertidumbre sobre lo que les depara el 2011. El miedo al contagio que empezó en la eurozona a principios de año ha vuelto en los últimos meses, y el descenso de la actividad en el área mercantil está pasando factura. Por supuesto que los clientes valoran a sus abogados, pero incluso el trabajo de mayor pericia puede sufrir presiones en cuanto a honorarios.

Por otro lado, muchos despachos han decidido dar mayor importancia a otros mercados fuera de España y Portugal. En tiempos de bonanza, atraían a los clientes extranjeros que llegaban a Barcelona, Lisboa o Madrid; ahora tienen que ver el modo de ofrecer ideas y consejo a sus clientes nacionales con proyección internacional.

Para los Socios Directores que hayan adoptado la estrategia de “esperar a ver qué pasa”, el año 2011

será decisivo; nadie sabe lo que está por venir, pero intentaremos ser optimistas.

As Iberia's lawyers clear their desks for the year-end, there is little certainty or, we could say, much uncertainty, as to what will be waiting for them there when they return in the New Year.

The fears of contagion that began in the euro zone at the start of 2010 have returned to haunt the end of the year. The challenge for law firms, more than ever, is to find the positive messages behind the bad as any form of optimism is currently in short supply.

As we see in this issue, the drop in public and administrative projects may mean firms are counting the cost of reduced government mandates, especially in Portugal. But those with knowledge of what the Government wants and how it works may be equally well-placed to benefit from the likely wave of fundraising privatisations and sell-offs.

In the place of capital markets activity, firms remain very busy handling the wave of restructuring and insolvencies that have overwhelmed the finance markets for the past two years. With Iberia's banks struggling with their own liquidity, lawyers report increased demand for more sophisticated corporate fundraising.

This is proof, as always, that legal services from the in-house or law firm perspective are counter-cyclical.

But the dip in the level of corporate activity is clearly taking its toll. Clients of course value their external lawyers in the tough situations but surprisingly quickly even the most expertise-type legal work is subject to fee pressure.

What was once niche is now mainstream – but whether this will mean more work for the general market and less for the boutiques is yet to be seen.

Ultimately it is beyond Spain and Portugal that many firms are now placing increased emphasis. The economic recovery, when it comes, is not likely to be home-grown.

Firms are looking to build their international networks, following their clients and looking to new growth markets. Inevitably it is Angola, Mozambique and Brazil that feature strongly for the Portuguese (as well as for a growing number of Spanish firms) but they are also looking to build closer ties within Europe, Latin America and the US.

If better economic times saw Iberia's lawyers capture foreign businesses arriving in Barcelona, Lisbon and Madrid, the challenge now is how they add value to their established domestic clients as they become increasingly international.

This is better news for the Anglo Saxon firms perhaps. As inbound work slows, for the interim at least, it is the outbound referral work that becomes of interest to their networks. Think not what they can do for Iberia but what Iberia can do for them.

The challenge is the same as that which firms faced at the start of the year, to continue to manage the short-term impact of the downturn as well as maintaining their strategic direction. If we are starting to see the long-awaited "new normal" it may not be welcomed by all.

For those Managing Partners that have been taking a "wait and see" approach, tightening their belt and holding their breath until the good times came back, 2011 may prove significant – no-one yet knows in what direction events will go, but let's try to think positively.