

GO WHERE THE M&A GOES - VDA

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Javier Menor

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Domestic M&A activity is down, and Spanish companies are being forced to go abroad in search of opportunities, and law firms have no option but to follow

The Spanish market is getting smaller and its economic situation is showing no signs of improving, says Javier Menor, Corporate and M&A Partner at Deloitte Abogados. "Companies are having to search for markets elsewhere, even medium and big sized domestic companies are conducting most of their activities abroad, not only because they want to expand their businesses, but because they have no choice but to do so."

The trend is for Spanish companies to go to South America, with Colombia showing particularly high levels of activity, as well as Brazil, Chile and Peru, particularly in industrial sectors. But he is also seeing many clients going to the Middle East, Qatar and Dubai in particular.

While seeing some level of M&A activity in Spain, Menor says that the amount of deals is significantly lower than two or three years ago, while the number of Spanish companies doing transactions abroad is conversely higher. The biggest change of recent is that law firms are mostly

helping clients with their outbound transactional activity. "This is striking when you compare it to previous years when inbound activity was a fundamental part of our role."

And predictions are that international investors will soon begin to buy up Spanish companies and distressed assets. But, says Menor, the market is uncertain, prices are not stabilised and foreign investors are still waiting to see how things are going to turn out in Spain."

As the flow of deal activity has become predominantly international, a domestic legal approach is no longer sufficient for companies, says Menor. "Nowadays it's not just the industry giants, but also smaller to medium-sized companies that are having to invest and transact abroad." As international structures and transactions are becoming more and more frequent, clients need an international approach, he adds. "Today, global problems need global solutions."