

LAW FIRMS WITH OFFICES IN BOTH SPAIN AND PORTUGAL HAVE 'COMPETITIVE ADVANTAGE'

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Investors are increasingly seeing Iberia as a single market, which means firms with offices in both Spain and Portugal can better serve them, some lawyers argue

International clients are increasingly seeing Spain and Portugal as 'one market' and consequently this is handing an advantage to law firms with offices in both jurisdictions, argue some legal market insiders. Partners claim that international funds are interested in investing in the same asset classes in Spain and Portugal – especially those in the real estate, energy, finance and insurance sectors – and consequently law firms with offices in both Spain and Portugal are better equipped to serve their needs.

António Soares (pictured), managing partner of Linklaters in Portugal, says there is a growing trend for international investors to view Spain and Portugal as a single market. "This is based on the fact that international funds have been showing interest in investing in the same type of assets both in Spain and Portugal." He adds: "International investment banks, which are the traditional adviser in these types of transactions, do so through their Iberian branches established in Spain, and thus it is necessary to provide legal advice in both jurisdictions."

Soares argues that, given this trend, law firms with offices in both Spain and Portugal are in a better position to serve the requirements of international clients investing in the Iberian market. He adds:

"An international law firm with a presence in both jurisdictions can cover both Portuguese and Spanish law, but a Spanish law firm not established in Portugal, for example, cannot provide advice on Portuguese law."

The growing influence of Spanish banks in the Portuguese financial sector – for example, CaixaBank recently increased the size of its majority stake in BPI – is increasing the tendency of clients to view Spain and Portugal as one market, says João Miranda de Sousa, partner-in-charge of Garrigues' Portuguese practice. "Investors that view Iberia as one market can definitely obtain a major advantage from a law firm with offices in both jurisdictions," he says. "It is very important to work as a one-stop-shop providing an integrated service with the same high-quality standards in both countries and with Spanish and Portuguese lawyers working together on the same deals and sharing knowledge of their markets."

A number of law firms that have operations in Spain have recently taken the step of expanding their operations in Iberia by opening offices in Portugal. For example, DLA Piper merged with Lisbon firm ABBC, PwC Legal incorporated Portuguese law firm CCR Legal, Ecija merged with Portugal's Antas da Cunha, and Spain-based Broseta merged with Lisbon firm Roquette, Morais e Guerra. Miranda de Sousa believes other firms will adopt the same strategy. "The main Spanish law firms already have offices in Portugal and recently some boutique firms have also entered the market," he says. "We think this trend will be maintained in the future and it is likely that we will see further mergers of firms that have been operating under a best-friend model."

Cuatrecasas managing partner Jorge Badía also subscribes to the view that Iberia is increasingly seen as a single market. The firm expanded into Portugal via a merger with Gonçalves Pereira in 2003. "Funds tend to invest in asset packages in specific sectors – such as real estate, tourism and infrastructure – in macro regions like the Iberian Peninsula, or Latin America," he says. Consequently, Cuatrecasas is a strong advocate of the importance of having offices in both Spain and Portugal. "It has been clear to us for a long time now that Iberian coverage is a key strategic factor," says Cuatrecasas' Portugal managing partner Maria João Ricou.

Spanish firm Uría Menéndez established an office in Portugal back in 2001, which today operates under the name Uría Menéndez-Proença de Carvalho, and the firm argues that having a presence in both Iberian countries gives it a competitive advantage. Antonio Villacampa, managing partner of Uría Menéndez-Proença de Carvalho in Lisbon, says: "We consider our presence in Spain and Portugal as a substantial advantage, particularly with, for example, non-Iberian clients looking at simultaneously establishing a presence or making an investment in both markets."

According to figures published by Mergermarket, the three leading firms for Iberian M&A in the first quarter of 2018 were firms with offices in both Spain and Portugal – Uría Menéndez (which advised on 13 deals with a total value of almost €40 billion), Cuatrecasas (which advised on 13 deals with a total value of €3.7 billion), and Garrigues (which advised on 11 transactions with a total value of €14 billion). However, whether having an office in Spain and Portugal is a significant advantage in law firms' battle for Iberian M&A work is open to question. The fourth ranked firm in the Mergermarket table was Pérez-Llorca (which advised on nine deals with a total value of €4 billion), a firm that does not have an office in Portugal.

Spain office 'not necessary'

While acknowledging that clients increasingly view Iberia as one market, Pérez-Llorca partner Alfredo Lafita says that he does not believe having an office in Spain and Portugal provides a competitive advantage. "Our international strategy is based on not having offices in every country in which we work, but rather, collaborating with leading firms in each jurisdiction so that our clients can choose with whom they want to work."

Meanwhile, Luis Pais Antunes, managing partner of Lisbon-based PLMJ, which does not have a presence in Spain, says the fact that some multinationals look at Iberia as a single market and go to the "decision-making centres in Spain" could be cause for concern in Portugal, particularly in the banking sector. "However, as Portugal is a sellers' market, there are many funds and investors from

various locations whose investments are not part of an Iberian strategy and for whom the Portuguese market is appealing in itself – many investors see Portugal as a gateway to Europe and Africa and do not even consider the Spanish market for this purpose," he says. "Our clients include Spanish companies investing in Portugal, it is not essential to have a physical presence in Spain, it is essential to know the best lawyers for each type of work."