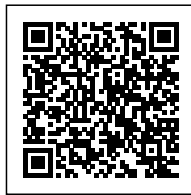


# MAKING THE CONNECTION BETWEEN EUROPE AND LATIN AMERICA

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Category: [In-house news](#)



## **Madrid to benefit as a business channel for the European expansion of the multilatinas.**

Como se puso de manifiesto en el Law and Business Forum, organizado por Iberian Lawyer y que tuvo lugar en Buenos Aires recientemente, la expansión y la creciente integración de las economías latinoamericanas está conduciendo a que nazcan un nuevo tipo de multinacionales regionales – las multilatinas – y además a que se presenten nuevas posibilidades para los inversores. Este desarrollo presenta claramente una oportunidad de negocio para los despachos de abogados, tanto dentro como fuera de Latinoamérica, y resalta la importancia de Madrid como vía de canalización de negocios nacional como internacionalmente.

Participants at a Law and Business Forum held in Buenos Aires and jointly organised by Iberian Lawyer and the Madrid regional development organisation PromoMadrid, heard that Madrid is uniquely placed to benefit from the current rise in economic development across much of Latin America, as its businesses expand beyond the continent, and foreign businesses look to channel their investments into the region. Over 50 senior business executives, general counsel and leaders of law firms from around the world attended the event. Leading Latin American businesses represented included Cresud, Petrobras, Quilmes and Vale. The meeting allowed them to share their experiences with Spanish Multinationals doing business across the region, including Iberdrola, Endesa, Telefónica, Repsol YPF and Iberia.

The seminar was held at the Buenos Aires headquarters of Telefónica Móviles and chaired by

Telefónica International Company Secretary and General Counsel, Manuel Álvarez-Tronge.

Opening the discussion, Genaro González, CEO of PromoMadrid highlighted some of the competitive advantages that have helped position Madrid as a preferred location for Latin American multinationals – multilatinas – expanding into Europe, from its business-friendly environment and its unique quality of life to the role it plays as a communications and logistics hub. Also important, he stressed, was the capital city's availability of highly qualified professionals with knowledge and experience in Latin American markets.

Focusing on Latin America, Álvarez-Tronge highlighted the very considerable change that has come over the region in recent years. "Latin America is increasingly more integrated, and its economies now more solid, nonetheless issues clearly remain in certain countries."

The meeting coincided with the 2008 Annual Conference of the International Bar Association (IBA). The IBA President Fernando Pombo, of Gómez-Acebo & Pombo, also attended the event where he welcomed the initiative saying: "It is important for us as Spanish-speaking business leaders and lawyers to meet and discuss the current business opportunities. Not only are we seeing an increasing investment from Spain into Latin America but also the exceptional expansion of the Latin American multilatinas, a development from which Madrid is currently benefiting due to several reasons such as its location and its people."

Also in attendance was Antonio Hernández-Gil, President of the Madrid Bar Association, who stressed the important role of his members in helping to develop economic relations between the regions: "Economic security cannot be guaranteed without strong justice. Lawyers provide the backbone to the economy and society."

Fernando Pombo agreed that Latin America's economic evolution undoubtedly now presents international businesses with growing investment opportunities. "There is an increasing amount of work for lawyers in facilitating Spanish investment both into the region and expansion throughout Latin America."

He noted the evident increase in international investment, and arbitration, issues across the region but particularly those emerging from business opportunities within Argentina, Brazil and Mexico. "A main preoccupation of businesses is the extent to which they will receive legal security across the region and Spanish and Latin American lawyers, working together, can help provide this."

Fernando Peláez-Pier, of Caracas-based Hoet Peláez Castillo & Duque, and current IBA President-Elect noted however the very different business and political dynamics currently in play across Latin American countries.

"Two main economic forces are now at work in Latin America – the populist movement as symbolised by President Hugo Chavez in Venezuela, and an open economic approach as characterised by the administration of Luiz Inácio Lula da Silva in Brazil."

"The current situation presents a great opportunity but also a challenge. Brazilian lawyers don't have a lot of information or experience of operating internationally."

Pedro Aguiar de Freitas, General Counsel, Vale, São Paulo

Lula, he believes, has opened the door to investors not only in Brazil but also to a number of its neighbouring countries. Although one of those countries, Argentina, he suggests, is now at a crossroads,

between populism and an open economy, and where it remains difficult to predict exactly what the ultimate direction will be – the recent nationalisation of Spanish companies' pension funds would seem to indicate an evident move towards a stronger control of the economy by the state.

As regards his own country, Venezuela, Peláez-Pier sees a continuing high level of legal and business insecurity and an increasing centralisation of decision-making powers. "Despite the legal

and business insecurity, Venezuela continues to do well and now has very strong trade links with Brazil, Venezuela."

The country's abundant natural resources offer a firm economic base with which to maintain the current exchange rate while the expansion of credit within Brazil should help avoid any significant negative impact from the global credit crunch, he believes. "Growth has slowed but Brazil can face the financial crisis without significant change," he says.

Among the lawyers present, an evident optimism was apparent about the potential for future investment across the region, and of the ability of Latin American companies to operate on the global stage.

"On a macro level across Latin America an orthodox free economy is beginning to prosper. As a result cross-border opportunities and players are emerging, which are themselves buying companies and developing the momentum and capacity to expand beyond the substantial increase of Brazilian companies investing abroad in the recent past. Each of them is in a different phase of the learning curve in new markets, and some lawyers might find it difficult to obtain sufficient information to anticipate preventive measures to deal with the different challenges in a crisis situation. Also, because it is still a new trend, even though we see a new generation of very good in house lawyers, you do not find many with a long history of doing business abroad."

For those law firms hoping to capitalise on such emerging trends, they must therefore be able to bring a cross-border approach to clients' needs in order to add real value to clients, suggested Almudena Arpón de Mendivil, partner with Gómez-Acebo & Pombo in Madrid.

Eduardo Rodríguez-Rovira, who formerly led the Latin America practice at Uría Menéndez, noted that in only a few years the world had changed considerably and that the prevailing economic events look likely to change things further. "The difference between now and the start of the decade is that Latin America is now at the global table, discussing and helping to remedy the global crisis."

Fernando Peláez-Pier agrees. "Brazil is the new economic and political leader in Latin America, and demonstrative of how a clear division of powers – executive, congress and judicial – can help reinforce a country's economic strengths. We see torrents and difficulties in parts over security and optimism of democracy rise in our region. Spain has an important role to play."

"Ultimately the issue is how can company's lawyers – either internal or external – help provide the legal and business comfort that is required."

Alejandro Pinedo, General Secretary, Grupo Telefónica, Buenos Aires

Genaro González of PromoMadrid closed the meeting by stressing the relevance already of Madrid to international businesses, and where the Madrid Stock Exchange now already includes a number

of major Latin American businesses.

"It is already the preferred location in Europe to manage business with Latin America, thanks to the important role Spanish companies play in the region, and the growing presence of Latin-American companies which have placed their headquarters in Madrid."

China, Russia and Cuba – although issues are emerging domestically, resulting from our internal economic problems as from the international crisis and mainly from the drastic reduction on the oil prices which will have an impact in our economy."

But even in the most rapidly developing and open countries issues remain, added Antonio Corrêa Meyer, partner at Machado Meyer Sendacz & Opice in São Paulo.

"The Brazilian economy is doing well although it is as vulnerable as any other country to the major international upheavals. But investors also have to be aware that it is different to the rest of Latin America: in terms of its size, culture and language."

Nonetheless he is confident that further growth lies ahead, and that the country is committed to democracy and to helping to facilitate trade, and to emphasise the importance of economic stability and access to justice across the region. "President Lula is a born communicator, able to oil the wheels of Latin America and to talk as freely region," said Antonio Alonso Ureba, partner with Garrigues who leads the affinitas Latin American network.

Many also noted the continuing investment across Latin America in infrastructure, telecommunications and power networks, enabling a greater and easier flow of trade from the Atlantic to Pacific coasts.

The question for Alejandro Pinedo, General Secretary, Grupo Telefónica, Buenos Aires, is however how to respond to the opportunities, and what impact events outside of Latin America may have. "Ultimately the issue is how can company's lawyers – either internal or external – help provide the legal and business comfort that is required?"

For Nicolás Martín Mordegliá, general counsel at Petrobras Energía in Buenos Aires, those lawyers with experience across the region, and of operating internationally will inevitably therefore be best-placed to assist companies expanding both with the region and further afield.

According to Pedro Aguiar de Freitas, General Counsel, of Rio-based Vale, the world's second biggest mining company 'there has been a substantial increase of Brazilian companies investing abroad in the recent past. Each of them is in a different phase of the learning curve in new markets, and some lawyers might find it difficult to obtain sufficient information to anticipate preventive measures to deal with the different challenges in a crisis situation. Also, because it is still a new trend, even though we see a new generation of very good in house lawyers, you do not find many with a long history of doing business abroad.'

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