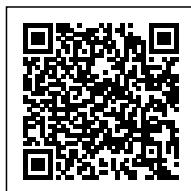


PUBLIC PRESSURES INCREASE MADRID FOCUS - BROSETA

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The economic pressures impacting on Spain are helping to change the focus of administrative and public law issues facing many investors and to concentrate more decision-making on the capital, says Jesús Avezuela, Managing Partner of the Madrid office of Broseta.

"You have to deal with the market as you find it but the austerity measures announced by the Spanish Government this past year have notably seen a dramatic scaling back of public works and project finance-led schemes. The result is not only the need by many businesses to re-evaluate the terms under which specific schemes may now go ahead but also in many cases to refinance existing concessions."

La presión económica que recae sobre España está provocando grandes cuestiones regulatorias a las que se deben enfrentar muchos inversores, obligándoles a menudo a trasladar a Madrid sus centros corporativos para estar más próximos a la toma de decisiones y a la administración central, dice Jesús Avezuela, Socio Director de la oficina de Madrid de Broseta.

Likewise, public finances pressures have led to a dramatic reduction in the feed-in tariff regime for

renewable energy projects – particularly for photovoltaic schemes. Again, the outcome has been an increase in the level of administrative uncertainty surrounding the sector, he says.

“As with concessions, investors in renewable energy are often looking to take a long-term position and the prospect of tariff changes mid-way through a scheme – and potentially retrospective changes – has led some to question the viability of future investments, and to look at the available public law protections or remedies.”

Such administrative uncertainty may be prompting some businesses to look beyond Spain for new opportunities, but in other sectors there is an evident greater effort to get closer to the sources of decision-making, says Avezuela. “Companies want to understand, pre-empt and take part in the debates that surround public and political decisions and much of this power is inevitably located in Madrid.”

In addition, regional financial and political pressures are also helping to encourage a greater flow of business and corporate decision-making to Madrid, he believes.

“Likewise, when international companies think of Spain they increasingly focus on Madrid.”