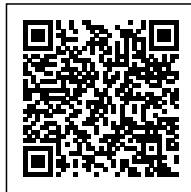


RISKY JURISDICTIONS - DELOITTE ABOGADOS

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Spanish companies have benefited greatly from international expansion, especially in Europe and Latin America. But ensuring that risks are mitigated in more challenging jurisdictions has moved up the corporate agenda, explains Luis Fernando Guerra, Managing Partner of Deloitte Abogados.

"We've seen much more diversification in Spanish businesses abroad, which has meant entering or operating in markets with ever-changing risks," he says. "Spanish companies have traditionally been comfortable in Latin America, but changes in the regulatory environment in Argentina for example, have reduced the opportunities available there."

Political risk is also present in other emerging markets, such as those in Africa and the Middle East. Guerra points to countries like Algeria, Morocco and Tunisia as being centres for investment. However, as has been seen with the so-called 'Arab Spring' in the region – protests, riots and civil wars – risks can derive from social problems.

"Firms need to understand the political and social risks as well as the culture," he continues. "Sub-Saharan Africa is becoming of interest to Spanish companies but problems remain, with bribery in parts of the region. Yet businesses must make sure they comply fully with local and international

compliance rules."

Guerra says compliance used to be something of an unfamiliar concept in Spain, but it has now become a priority, especially as companies internationalise. To this end, he recommends that Spanish businesses make sure that they follow strict international as well as domestic compliance regulations to mitigate the various risks.

"It is important to have an institutional standard, because corporate reputation can be just as badly affected by negative issues abroad as it can in Spain," he concludes. "Companies must mitigate all the risks – both external and internal – with a global perspective."