

SPAIN REFORMING, PORTUGAL PAUSING

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The responses from our first [Iberian Lawyer's Group of Experts](#) survey of the year, asking for predictions for 2006, suggest that lawyers in Spain and Portugal will be following slightly different, though parallel, paths this year.

Las respuestas de nuestra primera encuesta del año, realizada al Group of Experts, sugiere que los abogados en España y Portugal seguirán caminos paralelos aunque distintos. En Portugal se predicen cambios relativos a la ley de arrendamientos urbanos, además de reformas en el sector de la energía, pero, en general, parece que los legisladores portugueses se van a tomar un año de reflexión para asentar y digerir los recientes cambios. Sin embargo, los abogados españoles pueden encontrarse con una nueva normativa en competencia y un principio de reformas fiscales, además

de la posibilidad de variaciones constitucionales que ofrezcan más competencias a las comunidades autónomas.

Although there will be significant changes regarding leasehold property, and within the energy sector, it seems that Portugal's law makers will be pausing this year in order to better digest the significance of past reforms. Meanwhile Spanish lawyers may be dealing with competition and the beginnings of tax reform as well as the possibility of a new look constitution increasing regional autonomy.

Many of the Group of Experts agree, however, that the greatest upheaval for law firms will be changes to the profession itself. Lawyers in Spain face new labour relations which are likely to increase firms' costs as well as new rules governing the progression of law graduates into the legal profession.

The Group of Experts also predict that 2006 will be a year of consolidation in the legal marketplace. Across Iberia, medium-sized local firms are expected to grow, either by merging with or acquiring smaller rivals, or through aggressive recruitment of lateral hires.

Portuguese lawyers are expecting the arrival of more Spanish firms, as well as domestic mergers between the smaller and mid-sized firms, and acquisitions of mid-sized firms by the larger firms. Some suggest Portuguese firms should focus more on specialist areas, while others are predicting a move to "one stop shop" law firms.

Legal market

"Expect the merger of mid-size firms as well as a few incorporations of small law firms by the big ones and the lateral hiring by the mid-size firms of some reputed lawyers." César Bessa Monteiro, Abreu Cardigos, Portugal

"We could see firms opening in China or developing alliances around Europe and America. The consolidation of the big Spanish firms will be a serious obstacle for foreign firms to open offices here due to their competitiveness." Miquel Roca, Roca Junyent, Spain

"The Spanish firms will still look at Portugal to consolidate the Iberian Market." Pablo Wesolowski, 
Davis Arnold Cooper, Spain

 "Increasing focus of the main Portuguese law firms in Oporto's legal market" António Pinto Leite, Morais Leitão Galvão Teles Soares Da Silva, Portugal

"More work for the larger law firms with a strong increase of the dimension of our 'Magic Circle'." José Miguel Júdice, PMLJ, Portugal

 "Portuguese firms may enlarge their practice to Spain opening small offices... as the Spanish firms have done in Portugal. However national clients still prefer national firms, at least in Portugal." Luis Saragga Leal, PLMJ, Portugal

"The market is very mature, so no big changes. However, some medium sized players might try to grow in size via aggressive recruiting or even takeover small offices of other firms." José Ignacio Jiménez-Blanco, Clifford Chance, Spain

✖ "Social Security charges, in many cases, will have a remarkable impact in the P&L of the law firms that did not already have their lawyers as employees." Javier Fernández Cuenca, Pérez-Llorca, Spain

✖ "Expect the major firms in Portugal to attempt to incorporate firms (generally smaller) in Porto similar to the move already taken by Morais Leitaó." Charles Coward, Uría Menéndez, Spain

Regulatory changes

"One important change - amongst others - has been the new Spanish insolvency law, which is conditioning the way in which M&A deals are structured and financed". Jesús Almoguera, Ashurst, Spain

"I expect some changes in the public take over bids regulation. The recent problems in the utilities sector concentration and the renouncement of the golden-share by the Spanish government will bring some 'new approaches' to the market." Francisco G. Prol, Prol & Asociados, Spain ✖

✖ "The introduction of PPPs in the management of municipalities is expected to be an important tool for regional public administration and the development of initiatives financed and operated by private entities in Portugal." Manuel P. Barrocas, Barrocas Sarmento Neves Advogados, Portugal

"There will be major changes to the energy sector... as the privatization and liberalization process continues and the implementation of MIBEL advances. These changes will make both markets more competitive and foster the entry of new players in the peninsula. Hostile and friendly takeovers will occur." Antonio de Macedo Vitorino, Macedo Vitorino e Associados, Portugal

✖ "The new Spanish competition act should have a great impact in the institutional structure of the Spanish competition agencies." Pedro Callol García, Allen & Overy, Spain

"One of the highlights could be the new powers of the regional Supreme Courts. They could become the final judicial stage for those matters legislated by the regional governments. Therefore there would be a new function for the Spanish Supreme Court, basically guaranteeing equality and fairness within every region". Antonio Hierro, Cuatrecasas, Spain ✖

"In tax matters, few changes are expected for 2006 as the great tax reform involving personal income tax and corporate income tax should be taking place during 2007/2008." José Palacios, Garrigues, Spain ✖

"Approval of the new code of public contracts in Portugal. It will rule over all the government contract activities (public procurement, public works, concessions, and so on)." Bernardo Ayala, Servulo Correia & Associados, Portugal

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"The implications that the new smoking law could have in employment relations, as it is the first time that a smoking ban has been established in public and private office spaces." Iñigo Sagardoy,

