

# SPANISH COMPANIES' LATIN AMERICAN LINKS ATTRACTING INVESTORS - SQUIRE PATTON BOGGS

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Significant investment taking place in the industrial, construction and engineering sectors, but falling legal fees forcing law firms to use younger lawyers

International law firms in Spain are benefiting from the fact that businesses in the country are attractive targets for potential acquirers due to their strong links with Latin America, says Rafael Alonso, managing partner of Squire Patton Boggs' Madrid office.

"Targets in Spain have good knowledge of, and international connections with, Latin America," Alonso says. "Major investors look for countries like Spain where companies have subsidiaries in other countries," he adds. "We've seen huge investment in the industrial, construction and engineering sectors, not because there are huge opportunities in Spain, but because these companies have the expertise and the ability to do business in other countries."

This has undoubtedly played into the hands of law firms with a strong international presence. "Because we have a global network, large Spanish construction companies are in contact with us and will ask for support on their international projects," Alonso says. "They need a firm that has operations in the areas where they intend to do business."

Nevertheless, while major international firms can use their network as leverage, they are constrained by less flexibility on pricing. This is particularly the case for domestic deals, where competition

remains high despite the growth in corporate activity.

"Everyone is bidding for everything and the client knows it," Alonso says. "Things you could do for twice the price before the crisis you now have to do for half the price – you need to modify your structures and use younger attorneys to hook up with the fees you're proposing, otherwise you can't compete." He adds: "If you pitch for domestic work, regardless of whether you're an international or domestic firm, you'll be subject to a high pressure on price – if an international client makes a deal in the domestic market, they will do it under local market conditions with five or six firms competing."