

# SPANISH LAW FIRMS SHOULD CAPITALISE ON POTENTIAL M&A WORK IN CENTRAL AMERICA

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**Up to now, law firms in Spain have tended to focus on opening offices in Latin America's biggest markets, but there are growth opportunities in Central America, particularly in Costa Rica**

Major Spanish law firms should pay more attention to opportunities in Central America, which can include significant M&A work, law firm partners from some of Spain's biggest law firms said at a recent roundtable in Madrid.

Attendees heard that many law firms have been pleasantly surprised by the recent uptick in M&A mandates with a Central American component as well as the emergence of notable long-term business opportunities in the region. Raquel Flórez, partner and co-head of the Latin American practice group at Freshfields Bruckhaus Deringer said that there has been a noticeable increase in deals in the agribusiness and technology sectors in Central America.

The increase in M&A deals is exemplified by Prosegur's acquisition of Grupo Almo's CIT business,

which enabled Prosegur to expand its operations into Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. Meanwhile, another major deal involved private equity fund Cinven acquiring the assets of the fibre network operator Ufinet in five countries. The Ufinet deal, which had a Central American element, generated work for a large number of law firms. Specifically, Cinven instructed Freshfields Bruckhaus Deringer in Spain and the US; Marval, O'Farrell & Mairal in Argentina; Carey in Chile; Brigard & Urrutia in Colombia; Rodrigo, Elías & Medrano in Peru; Guyer & Regules in Uruguay; Conyers Dill & Pearman in British Virgin Islands; Ferrere in Ecuador; Creel, García-Cuéllar, Aíza & Enríquez in Mexico; Arias in Panama and Estudio Jurídico Gross Brown in Paraguay.

### **Bucking the trend**

Participants in the debate said Spanish law firms have, to date, focused on opening offices in the larger markets in Latin America, such as Chile, Colombia, Mexico and Peru, or in the case of the Brazilian market, having a limited presence due to local bar restrictions. However, Ecija bucked this trend in 2018 when it merged with Expertis, a law firm based in Costa Rica which has offices in seven countries in Central America and the Caribbean.

Franz Ruz, partner in charge of the Latin American desk at Ecija, said that there are a growing number of opportunities for investors in the project finance, tourism and telecommunications sectors in Central America. He added that the Costa Rican market has considerable potential for technology companies and this is one of the areas on which Ecija is focused. However, Ruz said that the firm has been helping clients to structure businesses throughout Central America and the Caribbean.

### **Attracting global investors**

Roundtable attendees noted that while Central American countries are frequently seen by international investors as a single market, the reality is that Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama present different challenges and opportunities. Costa Rica, because of its stability and historic respect for the rule of law, remains at the top of the list when international investors size up Central America, attendees said. The country offers plenty of opportunities for international law firms seeking to act for clients with operations in the hospitality and infrastructure sectors. Other industries, such as agribusiness and new technologies, have also proved to be attractive to global investors.