

# THE BIG QUESTION: A MORE POSITIVE OUTLOOK?

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**Spain and Portugal have both surpassed the rumours, earlier this year, of a pending financial crisis and potential contagion from the crisis in Greece. Are lawyers feeling more or less positive about the future economic outlook than you were a year ago?**

"I am feeling more positive about the future economic outlook for Spain than I was a year ago. Spain's crisis roared in as a

tremendous  
'double whammy':  
the inevitable  
bursting of the real  
estate bubble timed  
perfectly to coincide with a global crisis of  
financial institutions.

The world has stepped back from the brink  
of financial meltdown and well over one-half of  
Spain's banking system has passed the famous  
(or infamous) stress tests with flying colours.  
Now with the virtual mergers, this important  
sector (savings banks) of the financial system is  
being brought under the discipline of the  
market and it will therefore eventually be sorted  
out. The enormous excesses of the real estate  
sector are slowly being digested – perhaps too  
slowly in the opinion of some experts – but it  
takes time to cure a bad hangover.

My feeling now is that Spain has been  
tremendously 'perjudicado' by its binge in the  
real estate and savings bank sector but is now  
on the road to a slow recovery. Money seems to  
be returning and there are no doubt some  
bargains to be found!"

**Charles C Coward,  
Senior Partner, Uria Menéndez**

✘"Although the Portuguese situation is not at  
all comparable to Greece, I feel that the  
economic situation has deteriorated from last  
year. The lack of available cash is spreading  
throughout the small and medium-sized  
companies in particular, and that is putting  
considerable pressure on all businesses. I think  
that the situation is linked to the current  
financial crisis in Europe and Europe's  
restrictive  
policies but I am  
confident that it  
will improve,  
although not in  
2010. I also  
believe the legal  
market has not  
been too affected  
by this – in our  
case, we have  
seen an increase

in the demand for legal services but have also felt some fee pressure and some delayed payments."

**Miguel Teixeira de Abreu,  
Managing Partner, Abreu Advogados**

✘ "A year ago, I thought (like Zapatero) that the recovering US market and the always strong emerging markets would pull lagging and relatively rigid economies like Spain out of the doldrums, on the time proven theory that all ships prosper on a rising tide. But now with the end of the US stimulus program and the real concern of a US 'double-dip' recession, I may (like Zapatero) have been too naive in my optimism. Moreover, recent events have shown that Spain has become, to some extent, uncoupled from other economies and has important problems of its own. And to a certain extent, which are more political than economic, there seems to be good reasons both for optimism and for pessimism."

**Cliff Hendel,  
Partner, Araoz & Rueda**

"I am marginally more positive than a year ago – I believe the relevant players understand more precisely the issues that are at stake, the Greek rescue is a good example. There is still a long way to go and I anticipate that the second half of 2010 and 2011 will be extremely difficult– the post-World Cup summer will be painful for large sectors of the economy."

**Pedro Rebelo de Sousa,  
Managing Partner, SRS Advogados**

"I am feeling more optimistic than I was a year ago, but sentiment is fragile and there will continue to be challenges ahead."

**Michael J Willisch, Resident Partner,  
Davis Polk & Wardwell LLP**

✘ "We still live in difficult, uncertain and (hopefully not) dangerous times – there is some positive news but also still black clouds on the horizon. We have read that Spain will re-enter into recession by the end of the year, but listed companies are still improving

their results.

In any case my feeling is clearly more positive than a year ago. The government has finally adopted some difficult reforms and I hope they will implement them, Spain's financial market has also been reshaped. It is difficult to say that we are at last back on the right track, but at least we are not on the negative track which we have been on for the last two years. In summary, there is still uncertainty, but (hopefully) better prospects."

**Gonzalo Jiménez-Blanco,  
Managing Partner, Ashurst**