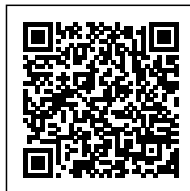


THE CHANGING IBERIAN BUSINESS RATIONALE - RAPOSO BERNARDO

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The past few months may have seen Portuguese and Spanish investors freeze their international expansion, in line with uncertainty over company and asset values and finance availability, but the latter half of 2009 will likely see the beginning of a recovery in cross-border Iberian investment, believes Joana Andrade Correia, partner and co-leader of the company and corporate practice at Raposo Bernardo.



'The difficulties presented by the current economic situation to businesses across the Peninsula are clearly evident, and we have witnessed a general slowdown across almost every sector since September 2008. But I believe that this is going to change, and we will start to see a recovery in the last quarter of this year.'

Recientemente, hemos visto a los inversores portugueses y españoles frenando su expansión internacional, en consonancia con la incertidumbre de las empresas, los activos y la disponibilidad financiera. Sin embargo, es probable que veamos el comienzo de la recuperación de la actividad en la Península Ibérica en la última mitad de 2009, comenta Joana Andrade Correia, socia y codirectora del área de Mercantil en Raposo Bernardo.

Those sectors across Iberia that have clearly felt the most 'pain' have been those focused on the most value added activities, such as finance, capital markets, banking, real estate and projects-related matters, notes Andrade Correia.

Levels of cross-border company investment and M&A has clearly felt a knock-on effect, with the volume of cross-border Iberian activity noticeably down, but there has nonetheless been a significant upturn in litigation, labour, tax, corporate compliance and governance as well as insolvency activity, she says, as businesses look to chase liquidity and restructure themselves.

'We've haven't yet begun to see a dramatic upturn in M&A activity, but I am convinced that this will soon be evident from the company activity that is currently occurring. Concentration and consolidation will potentially soon be evident throughout Iberia's energy, construction, banking and distribution sectors.'

As we move therefore into the latter half of the year, Andrade Correia is optimistic that those companies that retain and maintain a strategic emphasis on expanding their Iberian 'footprint' will benefit most – reaching into new Spanish and Portuguese markets while also hedging against localised downturns.

'The real estate sector is among those that will continue to offer opportunities for high level players, notably banks. But Iberian investors will find many new opportunities to buy, grow and to consolidate operations – for example, in the projects and energy sectors – in a relatively much cheaper and more manageable manner than they might have done only a few years ago.'