

THE GOOD NEWS EMERGING OUT OF THE FINANCIAL CRISIS - ESQUÍVEL

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The Portuguese Government's request to the European Union for financial assistance brings both complications and opportunities to projects

The news that the interim Portuguese Government has approached the European Commission over the terms of a financial bailout brings complications for both planned and ongoing projects but is not without some merit, says José Luís Esquível at Lisbon public law and projects boutique Esquível Advogados.

"In relation to ongoing projects, it is likely that some will be renegotiated to adjust finance models in terms of a reduction of the public investment. When it comes to planned projects, we are unlikely to see more cancellations but will probably see more delay according to the new timetable for public investment over the coming years."

Such developments do not therefore mean a drastic reduction of ongoing projects, he believes. "The country cannot stop and there are several projects that remain crucial for our development and for which funds will be released albeit probably under different conditions. However those projects that are deemed non-essential or whose turnover is incompatible with our financial situation will likely not benefit from public funds."

The injection of EU funds alone will not however be sufficient to attract new foreign investment to Portugal, believes Esquível.

"It will also be necessary to set out a clear vision for economic stability and this will depend on the shape of the Government elected at the start of June."

An injection of funds will however likely mean that the domestic Portuguese banks will now have more flexibility in terms of releasing funds for the projects in which they are already involved.

"There is some good news, the crisis may now offer an opportunity to introduce new legal mechanisms more adjusted to the real needs of all the players in the field – promoters, banks and public grantors," says Esquível. "And public law is always the main legal framework in this respect."