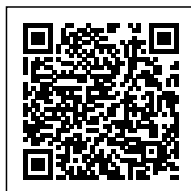


THE OTHER SIDE OF THE EXPANSION STORY

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Catalan companies, like many others in Spain, are expanding internationally. It is important however to understand why they are going as much as where they are going, say Joan Roca and Francesc Segura Roda of Roca Junyent.

El flujo de negocio
procedente de
empresas con sede en
Cataluña continúa pero
de forma más
moderada, expresa
Joan Roca y Francesc
Segura socios de Roca
Junyent en Barcelona. Las empresas no están
tan sólo deslocalizando

su producción sino que están también haciendo la prospección de nuevos mercados para sus productos. Por ello, hay una gran diferencia entre estos tipos de empresa y sus necesidades, las cuales requieren un análisis exhaustivo de las opciones que poseen.

'Barcelona companies have experienced a general trend towards localisation but that is certainly not the whole story of Catalan companies going abroad,' says Joan Roca, corporate partner at Roca Junyent in Barcelona.

'We are now seeing a clear differentiation between the types of companies moving abroad and the markets they are targeting - Catalan manufacturers of course want to produce their goods costeffectively, but they also need to sell their products.'

While the last few years have clearly seen companies delocalise operations to Eastern Europe and to Asia, to capitalise on cheaper labour and manufacturing costs, the trend has however reduced recently, believes Roca.

✖ Spain's economic slowdown is presenting a degree of uncertainty, which is prompting companies to reassess their options. As a result, many are beginning to adopt a 'wait and see' attitude to their international plans.'

Expansion

The other side of the international story, emphasises Roca, is the expansion of companies towards more mature economies and an evident demand to reach new consumer markets. 'Catalan companies need mature markets for their products as

much as they need developing ones,' he says.

The US and inevitably China, are seeing an upturn in interest amongst regional businesses he says, while within Europe, Poland and Bulgaria are attracting notable attention: 'Relative to some of their neighbours, companies perceive them to be more mature markets, and from a legal point of view are perhaps more stable than some others.'

Such a trend reflects a growing desire among businesses to choose locations that enable them to reach across markets, says Roca. 'It is important when companies are deciding whether to enter new markets that they have the necessary business and legal certainty, and that they are protected from any local practices that might prove detrimental to their operations.'

The same emphasis is also apparent among the growing number of Catalan businesses now targeting the US, he says, and where Miami is emerging as a preferred entry point – it presents a 'double-hit' in terms of geographic emphasis, he says.

'Some businesses appear now to prefer the certainty offered by the city, which of course gives access to the tremendous American markets, but it also presents the ability to reach across Latin America, and to exploit the Miami's close cultural and business ties with the region.'

Facilitation

Regardless of where clients ultimately extend their operations, it is vital however that their external legal adviser is able to offer the local insight necessary to bring comfort to their operations, believes fellow corporate partner Francesc Segura Roda.

'A key part of our role when helping clients embark on an international strategy is not only to facilitate their entry into new markets – for example, through partnership or joint venture structures – but also to help them understand the local legal framework, to



translate concepts, and to make them aware of the issues that may affect their operations.'

There are however no easy markets in which to operate he emphasises, and highlights a Chinese saying: ' where there is opportunity there is always risk' .

'China's scale, for example, offers tremendous potential it is now a very different place to what it was even a few years ago, he says. 'It is now however a much more mature market and inevitably some of the attractions and opportunities that might have presented themselves to companies only a few years ago may no longer be so apparent.'

The firm's Shanghai office is therefore seeing a change in scale in investments there, he reports. 'The economy is proving less attractive to smaller Catalan manufacturers, for example, but presenting greater opportunities for the region's utilities, infrastructure and telecoms businesses,' he says.