

THE VIEW FROM NEW YORK - THE GROWTH IN IBERIAN AND LATIN M&A

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2006 has started as a promising and busy year for transactional lawyers practicing in the Iberian Peninsula and Latin America. Not that 2005 was a bad year. Quite the contrary. In 2005, Portugal, Spain and Latin America consistently made the international headlines with major transactions.

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Simpson Thacher & Bartlett LLP en Nueva York, exponen que a menudo infravaloramos el impacto que tienen las grandes operaciones que se realizan en España y Portugal y la forma en que afectan a Latinoamérica. Nueva York se convierte en un foco importante en cuanto a muchas de estas operaciones de naturaleza transnacional y utiliza con frecuencia despachos neoyorquinos para temas o aspectos relacionados con los EEUU. Esto conlleva un incremento en la demanda de personal técnico ibero y latino en los grandes despachos y bancos de inversiones neoyorquinos debido a su creciente actividad en países de habla hispana y portuguesa.

However we often overlook the extent to which any major transactions in Portugal or Spain, such as Sonae- Portugal Telecom or Gas Natural-Endesa, have a clear impact on, and are affected by, events in Latin America. New York is also important as many of these deals, by their cross-border nature involve New York firms to handle SEC or US-related aspects.

Although transactional seas were relatively calm in Spanish speaking Latin America in late 2004 and 2005, Brazil experienced the beginning of a wave of IPOs that still has the markets, bankers and lawyers enjoying the high surf. Contrary to initial expectations, the surge of IPOs has continued despite the upcoming presidential elections this November.

In 2005, the Brazilian Securities and Exchange Commission registered 28 public equity offerings. Of these, a significant number were combined with a simultaneous international offering, representing a total volume of approximately US\$5.1bn. This compared to 21 representing approximately US\$4.3bn in 2004 and eight representing approximately US\$0.9 bn in 2003. In the first two months of 2006, the Brazilian SEC has already registered eight new public equity offerings, representing approximately US\$1.4bn, and already has 21 additional offerings under review.

This is an exciting and revolutionary development for Brazil as, for the first time, there is substantial Brazilian and international demand for Brazilian equities outside the blue-chip companies, and for secondary offerings. This has resulted in large scale wealth diversification and has increased interest in private equity investment in Brazil due to the greater availability of the classic non-strategic exit – an IPO.

Now 2006 has begun with Sonae's proposed €10.7bn takeover of Portugal Telecom, Portugal's most significant company. This deal, with its direct ramifications in Brazil, (where Portugal Telecom controls, with Telefonica Moviles, Brazil's largest mobile telephone company, Vivo) illustrates the deep interconnections between Latin America and the Iberian Peninsula.

In fact, several IPOs launched in Brazil in 2005 were originated by or have links to Iberian companies such as OHL Brasil, UOL - Universo Online and EDP - Energias do Brasil. The five operating companies comprising Vivo also just completed a five-way merger by which Portugal Telecom and Telefonica Moviles accomplished a legally integrated platform in Brazil.

Consistent with this trend, there has been renewed demand for Iberos and

Latinos in the United States to work for major law firms and investments banks that are active in the Spanish and Portuguese speaking worlds. Portuguese and Spanish language skills and knowledge of the local culture and markets are now important tools for any major New York law firm seeking to sustain or increase its presence in the region.

For the firms, retaining lawyers with cultural connections to Spanish and Portuguese markets, who have been exposed to US legal education has proven to be an effective way to enhance ties to the region, while ensuring delivery of a top-quality, tailored service.