

THE LAWYER

30.01.2012

Lusophone Africa has become a second home for Portuguese lawyers hit by the country's economic woes, with cross-border alliances key to work streams



Duarte Garin

Portugal is well-known for its ability to serve as a gateway to other jurisdictions around the globe. Egged on by current local economic woes, firms are taking steps to launch activities overseas in a bid to ride out the storm on home turf. Angola, Mozambique, Brazil and China are all top of the list when it comes to establishing international operations.

“If you go to the airport on a Sunday evening you’ll see that flights to Brazil and Angola are packed, and not with tourists,” observes Uría Menéndez partner Duarte Garin.

“The decrease in Portuguese revenues means we have so much more international work than [in 2010],” says Macedo Vitorino & Associados founding partner António de Macedo Vitorino. “The people who’ll be better positioned for 2012 will be those who can get as much international work as they can and try to charge as much for it as they can.”

Early 2011 saw **Vieira de Almeida & Associados (VdA)** launch an office in Angola, adding to its coverage in Mozambique and Brazil. The new venture took the form of a local consultancy, which adopted the VdA brand. Local bar restrictions mean legal work has to be channelled through local Luanda outfit Paulo Antunes.

The tie-up is one cog in VdA’s growing international strategy, VdAtlas, and is part of a wider plan to allocate more time and resources to relationships overseas. This year will see the firm continue to grow its international presence and network of preferred firms.

“The biggest investment our firm is making is in the growth of our international business,” explains head of international relations **Nuno Castelão**. “Because of the poor state of the Portuguese economy we’ve seen a large number of Portuguese companies going overseas and investing in Portuguese-speaking countries.”

Together with Angola and Mozambique, VdA is investing in a “diamond-shaped economy”, explains Castelão. South America (namely Brazil), Asia (specifically India and China) and Africa are all of interest, along with present coverage in Europe.

“For next year the biggest area of growth for international [activities] will be oil, gas and mining,” says Castelão. “We want to grow into other Portuguese-speaking countries and Cape Verde is one example. We also want to develop a presence in East Timor.”

“We have a strategy to go to those jurisdictions in which we think we can add value,” adds VdA partner Pedro Cassiano Santos.

“Angola is the new El Dorado of Portuguese companies,” says Garin. “That’s the new reality. We’re looking at it with increased interest.”

But the jurisdiction is not without its challenges.

“To be frank with you, it’s a very difficult country,” says Garrigues partner Diogo Leónidas Rocha. “It’s very expensive. The capital of Angola is one of the most expensive cities in the world.”

According to IMF statistics, Angola’s GDP was estimated to be \$99.3bn (£64.7bn) in 2011 based on current prices, compared with \$75.5bn in 2009. The figure is expected to grow to \$145.4bn by 2016.

Continental drift

Over in Mozambique, PLMJ opened a new office in 2011 through a joint partnership with a local Maputo-based practice. PLMJ and Tomás Timbane & Associados created Gabinete Legal Moçambique (GLM). The move followed the end of the almost three-year partnership between PLMJ and Mozambican firm MGA Advogados & Consultores. From office premises in Maputo, Tomás Timbane heads GLM’s team of around a dozen leading lawyers and GLM now acts as the exclusive Mozambican member of the PLMJ International Legal Network.

Changes in Mozambique’s legal market prompted the move, explains Tiago Mendonça De Castro, one of the PLMJ partners leading the alliance. In June 2011 three of Mozambique’s five biggest firms merged into one. MGA, H Gamito Couto Gonçalves Pereira Castelo Branco & Associados and Furtado Bhikha Loforte Popat & Associados came together under the name Couto Graça & Associados.

GLM focuses mainly on international transactions, but it remains a full-service law firm offering assistance in corporate, tax, labour and litigation. Due to an exclusivity agreement GLM’s 10 Mozambican lawyers will only perform work for clients of the PLMJ International Legal Network.

“PLMJ’s the muscle and with this team of lawyers we expect to go far,” says Mendonça De Castro. “It’s a step between what we had and what we can’t have - PLMJ’s own offices on the ground.”

The main challenge for the new firm is recruitment.

“In Portugal we can easily grow from 200 to 250 lawyers,” says Mendonça De Castro. “But in Mozambique it’s very difficult to get 10 good lawyers who can speak English and work in accordance with international standards. If we get a lot of work we’ll need to speed up certain processes, such as the training and hiring of lawyers. As for future clients, our main challenge will be to keep them.”

“Our operations in Mozambique and Angola have increased significantly,” says PLMJ managing partner Luís Sáragga Leal. “This shows that the Portuguese economy is getting more global. In the coming years investments will be in very large infrastructure projects, as both Angola and Mozambique need infrastructure. There have been major natural gas discoveries, particularly in Mozambique, over the past few years, which will have a very significant impact in the coming years.”

Pedro Leite Alves, a partner at Jardim Sampaio Magalhães e Silva e Associados, says the firm could play to its strengths and contemplate opening in Mozambique. Local conditions, however, prove somewhat challenging.

“The cost of living is more than expected. Rental space in Maputo is more than double that in Lisbon,” he says. “Some of the infrastructure work we’ve done in Portugal is very much what Mozambique requires at the moment. We’ve made some presentations to the Mozambican government about this.”

Building Brazil

In Brazil, Portuguese firm Sérvulo & Associados signed a partnership agreement with Brazilian outfit Manesco Ramires Perez Azevedo Marques Sociedade de Advogados in December 2011. The agreement consolidated the existing relationship between the firms, which has been in place for around four years.

The move will see the two collaborate on client projects of mutual interest, particularly in the infrastructure sector. Infrastructure in Brazil remains poor despite the country’s booming economy. Sérvulo partner Lino Torgal says the firm’s portfolio has several clients in the infrastructure sector. He explains that the move could open up possibilities in Angola. Manesco has clients who are investing in the region and this may create a ‘magic triangle’ between Angola, Portugal and Brazil.

Sérvulo and Manesco are similar in turnover and size, both with approximately 80 lawyers. The latter has expertise in areas such as energy, telecommunications and transport and has offices in São Paulo, Brasília and Belo Horizonte. The firm is also due to open in Rio de Janeiro in the near future. Sérvulo, meanwhile, has offices in Lisbon and Ponta Delgada.

Garrigues’ new office in Brazil went live in 2011. The firm initiated an association with local outfit Schmidt Valois Miranda Ferreira & Agel Advogados. The move to Brazil was based on the growth prospects of the country. Brazil is currently gearing up to host the Fifa World Cup in 2014. The development of infrastructure is key, with investment sought in roads, ports, airports and railways.

Portugal’s interest in Brazil is indeed reciprocated. Abreu Advogados is assisting Brazilian aerospace conglomerate Embraer with its construction of a Portugal-based, 330,000sq ft facility dedicated to manufacturing airframe structures and components.

“It’s really a very significant investment here in Portugal,” says managing partner Miguel Castro Pereira.

Chinese turns

The potential Portugal holds as a vehicle for foreign investment in the Community of Portuguese-Speaking Countries can be illustrated by the launch of PLMJ's Portugal desk in Beijing in 2011. The firm entered into a strategic partnership with China's largest firm, Dacheng Law Offices (for more on Dacheng, see *The Lawyer*, 16 January).

The tie-up is designed to provide legal services on an exclusive basis for Portugal, Angola, Mozambique and Cape Verde, and reciprocally for China, Singapore and Taiwan, using local offices that are members of the PLMJ International Legal Network in each country.

PLMJ is particularly interested in the opportunities resulting from Chinese investment in Portuguese-speaking African countries, as well as opportunities in South China - resulting from Portuguese-speaking investors.

"We support Portuguese companies that sooner or later will need to invest or establish trading relationships with China," explains PLMJ's Sáragga Leal. "We're there to help them if necessary.

"We've witnessed an increasing flow of outbound investment from China to Portuguese-speaking countries, for example Brazil and Mozambique. China will look at Portugal as a gateway to Portuguese-speaking countries. Because Africa is such a difficult market for China and India, my recommendation is that [these two countries] should go to these [African] jurisdictions with a Portuguese network. Very soon countries such as Namibia and Zambia will be objectives for Chinese and Indian investors."

In the same vein as the desk in Beijing, Sáragga Leal says PLMJ is planning to establish a similar setup this year in other emerging countries that invest in lusophone jurisdictions.

"There's more awareness that Chinese investment to Mozambique can be channelled through Macau," points out Morais Leitão Galvão Teles Soares da Silva & Associados partner João Soares da Silva.

Early this year Abreu Advogados will undertake a roadshow designed to highlight opportunities in Portugal, Angola and Mozambique to Chinese investors.

With the Portuguese economy on its knees, the attraction of Brazil, China, Angola and Mozambique remains high for Portuguese firms, stresses Garrigues' Leónidas Rocha. "Even though we have the troika bailout [from the EU, IMF and European Central Bank] and everyone says we may leave the eurozone, [these countries] are still interested in Portugal," he says.

"I think the centre of world activity is shifting to the Pacific instead of the Atlantic, and probably to the Southern Hemisphere rather than the Northern - for example, southern Africa in general, and countries that will be extremely important, such as India, Malaysia and Singapore," says Sáragga Leal. "This is where we're planning to develop our network."

Follow the money

With its country's credit rating now at the junk level, Portugal's legal community is looking for alternative ways to make money – and that means forging alliances in new jurisdictions. The lusophone diaspora is providing plenty of opportunities, but challenges remain in exploiting those relationships.

Where to eat in Lisbon

I'd recommend Bica do Sapato: great food, good service and a

great view over the river. Papaçorda still has the best Portuguese food in Lisbon and a nice ambience.

Largo has a nice and contemporary look in the best area of Chiado. Good food.

António de Macedo Vitorino, partner, Macedo Vitorino & Associados

Restaurante Quinta Dos Frades is a very nice restaurant with the well-known executive chef Chakall. It's a very nice place to eat.

Igor Martinho is the resident chef and has been considered the best Portuguese chef in 2009 at just 25 years old. The restaurant isn't located in the night tourism zone of Lisbon and therefore it's certainly a place that I'd recommend for a nice and quiet dinner. The food is excellent.

A Canfraria is a well-known sushi restaurant in Cascais, and recently the owners have decided to open a new place in Lisbon, located in the Lx Boutique Hotel.

It is a very comfortable sushi restaurant with a very fashionable and modern

decoration. In my opinion, it's one of the best sushi restaurants in Lisbon.

Diogo Leónidas Rocha, partner, Garrigues

Source: <http://www.thelawyer.com/outward-bound/1011125.article>