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Stronger together

The independent firms that dominate Spain and Portugal are no strangers to hardship and crises as they roll up their sleeves once again

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Iberia's all-important tourism and hospitality sectors have taken a hit during the pandemic, and continued restrictions mean it could be some time before international holidaymakers are able to return. While Covid-19 has brought unique challenges, independent law firms in the region were already facing tough competition from global players and the Big Four accounting firms.

In Spain, the elite independent firms are well established, but so too are some of their biggest international competitors, including Allen & Overy, Clifford Chance and Linklaters. 'The Spanish legal sector is very robust due to its competitiveness,' notes Salvador Sánchez-Terán, managing partner at Iberian heavyweight Uría Menéndez. 'Full-service firms such as ours are able to cope with crisis situations rather well, as our business is generated by clients requiring assistance from multiple practice areas.'

It is this breadth of service offering at large, independent firms in Iberia that may be the key to their ability to weather storms such as the current one. Verónica Romaní Sancho, head of the project finance practice at Gómez-Acebo & Pombo, notes that Spanish firms, unlike some of their international counterparts, tend to have a structure that is balanced between different areas of practice. 'This means they are more

capable of absorbing negative impacts in a certain market, because they cover a significantly wider scope of advice that is not affected, or could even increase, during times of crisis,' she says. Litigation, labour and insolvency are among Iberian firms' significant areas of practice that have remained in high demand.

Looking back at the last financial crisis in Portugal, Morais Leitão, Galvão Teles, Soares da Silva & Associados' managing partner Nuno Galvão Teles points out that the Portuguese legal market was severely impacted: while international law firms and consultants began to establish themselves in the market, activity in some sectors came almost to a halt and pricing dropped considerably. Added to this were pressures on internal costs brought by technology, cyber security and compliance. 'Firms learned some really hard lessons, which paved the way for resilience and better performances,' he reflects.

One positive theme in Iberia continues to attract attention and praise: the importance – and resilience – of the renewable energy market. Energy lawyers in Spain unanimously reported another busy year in 2020, as development and transactional work continued to demand their time and attention. 'A sector like energy, in a market with an excess of liquidity, is a clear bet when other businesses that are more sensitive to economic



► crises are not bringing good investment opportunities,' according to Romani. 'This in fact applies to both equity and debt investors, some of which saw their activity in the energy field in 2020 increasing in double-digit percentages.'

Meanwhile, the merger between Spain's CaixaBank and Bankia – which was bailed out in 2012 during the country's financial crisis – made headlines in 2020, and Spanish M&A lawyers reported a surprisingly busy year. Many market commentators expect to see further consolidation in Europe's banking sector in the near future.

As far as transactional activity in neighbouring Portugal is concerned, there was a

slight decrease in the first wave of the pandemic, followed by a recovery in the M&A market over the summer months, chiefly in the energy and infrastructure sectors. 'Although the number of deals was lower than in 2019, the total value of transactions was higher in 2020,' notes Bruno Ferreira, co-managing partner at PLMJ. Taken together, there is some cause for optimism; despite the fall in volume of transactions, in 2020 Portugal registered the highest annual figure for overall deal-making value since 2014.

Despite the challenges, independent firms in Iberia remain optimistic about the future. The world may view the Covid-19 crisis as unprecedented, but firms in Spain and Portugal

have already seen their fair share of crises. João Vieira de Almeida, managing partner at VdA, argues that the legal market will rise to the challenge by helping clients navigate the many hurdles and opportunities brought by the pandemic. 'We learned a lot last year. I expect the effects of the crisis to vary wildly, depending on the relevant sector, company and markets involved. Some will collapse, others will strive but – be it one or the other – there will be plenty of work for law firms,' he says.

Sánchez-Terán agrees: 'The Covid-19 pandemic has been yet another challenge that we have learnt to deal with. We will come out the other side stronger and more united than ever.' [LB](#)