

LUSOPHONE AFRICA



FAR AND AWAY

As the domestic market flounders Portuguese law firms are looking to Lusophone Africa as an important hedge against local challenges.

By Maria Jackson

PORTUGAL has had a tough time of it recently and its legal sector has been heavily impacted by the general market conditions. The Portuguese government's implementation of strict austerity measures to comply with the terms of an EU-IMF financial rescue package saw GDP shrink by 1.5% in 2011. Deal flow has stalled accordingly, with infrastructure projects suspended and lack of financing pushing down M&A activity.

The pressure to diversify away from dependence on the domestic market has seen Portuguese firms look further afield for mandates, with Lusophone (Portuguese-speaking) African countries becoming the most attractive destinations for expansion. In particular, resource-rich Angola and Mozambique have become significant hotspots for Portuguese players.

Window of opportunity

Lisbon-headquartered Abreu Advogados is a full-service law firm with excellent niche strength in energy, transport and tax. It was one of the first Portuguese firms to recognize the potential of the Lusophone Africa market and it now boasts a network that includes offices in Angola and Mozambique as well as an association in China.

'The fact that the legal and regulatory framework is based on Portuguese law represents a window of opportunity for the globalization of Portuguese law firms,' says Miguel Castro Pereira, managing partner of Abreu Advogados. 'These Portuguese-speaking countries are increasingly seeking knowledgeable and skilful law professionals as the pace of growth of local economies is much faster than the academy's ability to prepare nationals to work in the law market.'

Indeed, the pace of economic growth has been highlighted as among the fastest in the world.

According to the 2012 Economic Report on Africa, a joint annual publication of the United Nations Economic Commission for Africa (ECA) and the African Union (AU), Africa is the second-fastest growing continent in the world after Asia. It recorded an average economic growth of 5.6% over the last decade and forecasts by the International Monetary Fund (IMF) predict that seven out of the world's ten fastest-growing economies will be African; it anticipates that Congo, Ghana, Ethiopia, Mozambique, Nigeria, Tanzania and Zambia will expand by more than 6% annually until 2015.

Although many of the new entrants into the pan-African legal market have chosen South Africa and Morocco as their springboards into the booming continent, the historical relationships between Portugal and its former colonies have made these jurisdictions a more popular platform for Portuguese firms.

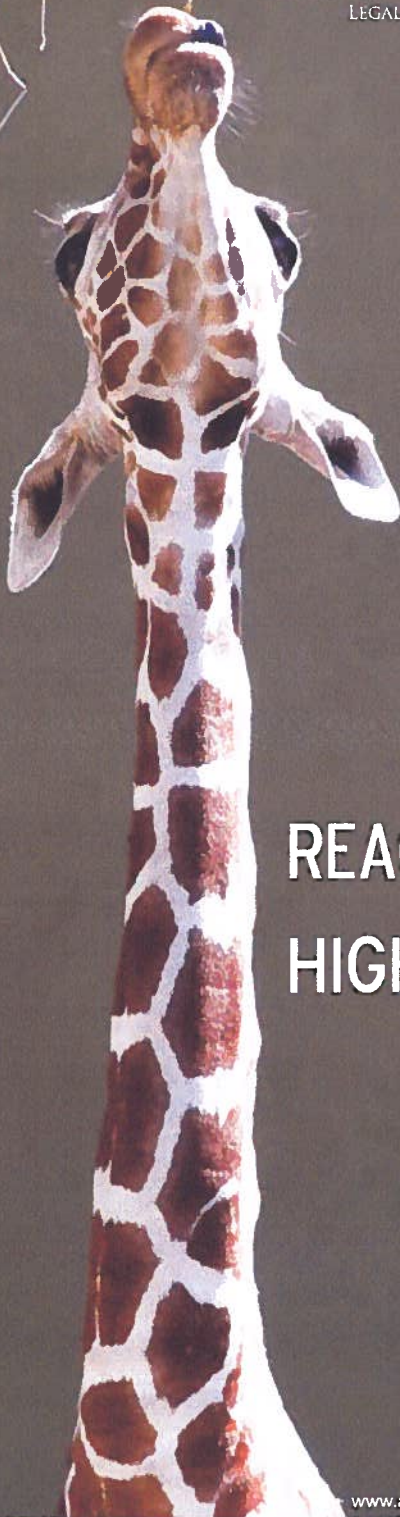
Fuelling growth

Miranda Correia Amendoeira & Associados (Miranda) is a leading Portuguese firm that fields one of the most extensive African networks in the market: the "Miranda Alliance" brings together over 170 lawyers across four continents and in Africa the firm boasts offices or associations in Angola, Cape Verde, East Timor, Equatorial Guinea, Gabon, Guinea-Bissau, Mozambique, Republic of the Congo and São Tomé and Príncipe – effectively covering the whole of Portuguese-speaking Africa. The firm is well-known for its strong project finance practice, which remains the main driver of regional deals.

'The two most important countries in Lusophone Africa are



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clearly Angola and Mozambique and these countries have experienced a long period of steady growth supported by their rich natural resources, in particular oil and natural gas,' says Rui Amendoeira, managing partner of Miranda. 'Although these countries have made a huge effort (particularly Angola) to diversify their economies away from oil & gas, these resources continue to present a very significant portion of their GDP and account for the lion's share of their hard currency income. Oil & gas therefore remain the main drivers for business.'

Miranda has one of the leading track records in the region for energy deals and it recently advised a US-based oil company in a large gas development project in Mozambique and also advised a South African company in securing several diamond and base metals licenses in Angola. Indeed the success of Portuguese firms has made local firms sit up and take notice, and Amendoeira believes there has been a growing collaboration between indigenous and foreign firms.

Pairing up

In a trend that can only support and promote the development of the regional legal market, it seems that after initial doubts, local firms are showing a willingness to work together with foreign players.

'Most sizeable local firms are becoming more open to the internationalization of their markets and they are teaming up and forming alliances with the Portuguese firms. In Angola, for example, there are several local firms who are associated with the top Portuguese firms whereas those alliances did not exist five to ten years ago,' says Amendoeira. 'After several years of resistance to foreign firms, I see a trend now where the top local firms are more willing to embrace the opportunity to work with their Portuguese counterparts and this has been good for the generality of firms.'

Angola Legal Circle Advogados (ALC Advogados) is a law firm founded by a group of lawyers with Angolan nationality and qualified to practice in Angola, but created in the context of an association with Portuguese firm Morais Leitão, Galvão Teles, Soares da Silva & Associados (MLGTS). It is part of a new wave of domestic firms that appreciate the importance of forging close international links.

'Local law offices and lawyers do feel the need to correspond to the new reality and to be able to respond to the demands of international clients with economic interests in Angola and also of Angolan clients with businesses and interests abroad,' says Catarina Levy Osório, private investment, tax and labor partner at ALC Advogados. 'We are currently seeing an increase in international associations established between Angolan law offices and international law firms, which we understand is one of the preferential ways of responding to this new reality.'

As foreign law firms continue to flock to Africa, regional cooperation is going to become an increasingly important issue for domestic firms. The growing prevalence of international alliances demonstrates that local firms are prepared to negotiate a compromise between providing top-class service to clients and maintaining their autonomy. ■