

Portugal, not Africa, now offers 'better growth prospects' for Lisbon firms

As forecasts for growth in Angola and Mozambique are revised down, Portuguese lawyers say domestic market will provide biggest source of growth

After years of relying heavily on business in Lusophone Africa as the main driver of growth, lawyers in Lisbon now anticipate that the domestic Portuguese market will offer better opportunities in the immediate future. This perception is backed up by data – the International Monetary Fund earlier this year revised down its growth forecasts for both Angola and Mozambique. The forecast for Angola was cut by almost two percentage points, while the outlook for Mozambique was revised down by almost one percentage point.

In contrast, the Portuguese economy is on an upward trend. After three consecutive years of negative GDP growth, between 2011 to 2013 (when the economy contracted by 1.8 per cent, 4 per cent, and 1.6 per cent respectively), there are signs that the country is bouncing back. Portugal's GDP grew by 0.9 per cent last year, while a 1.6 per cent growth is anticipated in 2015. The outlook for next year is better still, with a 1.8 per cent increase in GDP expected in 2016.

Uria Menéndez-Proença de Carvalho managing partner Duarte Garin says that, while Angola and Mozambique still offer the

best international opportunities for Portuguese law firms, the two countries are perhaps not the hotspots they once were. He highlights Angola in particular as going through some "rough times" (see our Global Annual Report on page 29). SRS Advogados partner Gonçalo Anastácio is more forthright in his assessment of the relative merits of the Portuguese and Lusophone Africa economies. "The biggest source of growth for Portuguese firms will be the domestic Portuguese market rather than Africa," he says. Growth is being driven by significant foreign investment, particularly from China.

African interest waning

It should be pointed out that the Lusophone Africa economies are still expected to grow, just not by as much as was previously anticipated. MLGTS partner Filipe Lowndes Marques says that, in the last year, growth in the economies of Lusophone Africa had been at a slower rate than had been expected. "For those firms that set up structured offices like us, it has been constant growth – and although in general all Portuguese law firms are still interested in Africa, we have

seen that many are not as keen as perhaps they used to be."

However, this does not mean that Portuguese firms will be turning their backs on Angola and Mozambique. PLMJ partner Nuno da Cunha Barnabé says: "We expect the economy will grow more in Portugal than in Lusophone Africa in the next few years, but Portuguese firms have a competitive advantage in Lusophone Africa – PLMJ will

GDP growth: Portugal v Lusophone Africa

	2011	2012	2013	2014	2015	2016
Portugal	-1.8	-4.0	-1.6	0.9	1.6	1.8
Angola	3.9	5.2	6.8	4.2	4.5	3.9
Mozambique	7.4	7.1	7.4	7.4	6.5	8.1

Sources: European Commission and International Monetary Fund
Figures show confirmed and anticipated GDP growth

not change its strategy, we will continue to develop our network in Africa."

But the Portuguese market will now be the main focus for many Lisbon firms, and lawyers believe that the country's legal market is well placed to serve foreign investors. ABBC partner Nuno Azevedo Neves says the Portuguese are very keen on attracting investors. He adds: "Portuguese lawyers are international standard lawyers, and we offer a valuable cultural flexibility and are able to understand and adapt to clients from either Asia, US, Africa or South America, for example," he says. **IL**

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