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Carmen Reyna: "2021 is proving to be a year of market and investment recovery"




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Perez Llorca's Corporate M&A partner discussed the recovery of the Spanish market.



Leaders League: How has the market and capital investment changed over the last year?

Reyna: 2021 is proving to be a year of market and investment recovery. The long-awaited recovery has not been radical; however, slowly but surely, recovery is taking place. Several factors are playing a decisive role in the recovery.

First, the improved economic outlook has accelerated investment and sales decisions. The GDP of European countries continues to grow and interest rates remain low, making it possible to obtain financing for acquisitions with  and on favorable terms.

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Lastly, the progress of vaccination campaigns and the improvement in the public health outlook are reducing uncertainty in the market and the sectors most affected by the pandemic (tourism, catering, leisure and services) have been gradually recovering in 2021.

The recovery is not simple, as it will take a long time to rectify the havoc wrought on the economy and certain sectors, but we are on the right track.

Has Spanish regulation been favorable to those changes?

At the start of the pandemic, the Spanish government adopted a wide-ranging legislative package which included extraordinary measures to ensure the continuity of companies and later aimed to preserve the productivity of the Spanish economy, allowing it to recover.

Once the most complex moments of the crisis were over, measures continued to be adopted to strengthen the solvency of Spanish companies, including up to EUR11bn in public investment, involving three new funds providing direct aid for the self-employed and companies, the restructuring of balance sheets, and the recapitalization of companies through the creation of a EUR1bn recapitalization fund. A few months later, the Council of Ministers approved a code of best practices for financial institutions in order to facilitate the renegotiation of guaranteed debt, including the extension ICO loan maturities, their conversion into profit-participating loans, and the possibility of reducing guaranteed debt.

A series of investments and reforms have also been announced as part of the Recovery, Transformation and Resilience Plan, which is the Spanish government's economic policy for the coming years. This plan anticipates the mobilization of more than EUR140bn in public investment until 2026, including investments and reforms as part of the first phase of the Next Generation EU plan. In addition, a national reform program has been announced which anticipates the adoption of a series of structural reforms over the coming years aimed at strengthening and modernizing the country's economic structure and trajectory.

What are the challenges for the corporate sector in the post-pandemic era?

The pandemic has undoubtedly brought about a profound change in the challenges faced by companies. Many priorities have changed for managers, stakeholders, and investors.

First, I would point to digitalization. We are in a new era where digital development is profoundly transforming our companies. Striking the right balance between the digital and analogue worlds is one of the biggest challenges for companies post-pandemic.

Secondly, business leaders need to focus on digital development more than ever, with a strong emphasis on implementing corporate social responsibility from the perspectives of the

Finally, businesses need to be aware that consumer priorities have changed, with greater value being placed on health and personal and social well-being. Shareholders and investors are also prioritizing companies that care for and improve the world.

“Business leaders need to focus on sustainable development more than ever”

What added value does your firm provide that you believe can be the key to dealing with these challenges?

I would emphasize the virtues of being aware of legislative developments before they occur so that companies can anticipate them, take advantage of the benefits they offer, and adapt their business and management accordingly. During and after the pandemic, new legislation has been the order of the day: financial aid, regulation of employment procedures, tax changes and aid, moratoriums on insolvency proceedings, etc. Ensuring that businesses are immediately aware of these new developments is a major focus for our firm and has brought great benefits to our clients.

On the other hand, the added value of a large law firm is its experience in the market advising many companies and funds facing similar problems, situations, and challenges. As a result, we are able to extrapolate ideas and share solutions. Our clients benefit from our knowledge based on shared experience.

Lastly, being a multi-disciplinary firm allows us to offer a global solution to companies and funds, while managing their corporate, commercial, labor, tax, financial, investment, intellectual property and technology, and regulatory issues. The situations our clients face are increasingly complex, and expertise in all areas of law offers a great deal of added value to them and their executives.

This new post-pandemic era will pose great challenges for the entire economy and market, and the priority for everyone must be to face it from a more collaborative, social, and generous perspective.

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