RACE
FOR AFRICA

As Africa's emerging economies continue to lure investors, a new legal geography is evolving to accommodate increasing cross-border traffic. *LB* reports

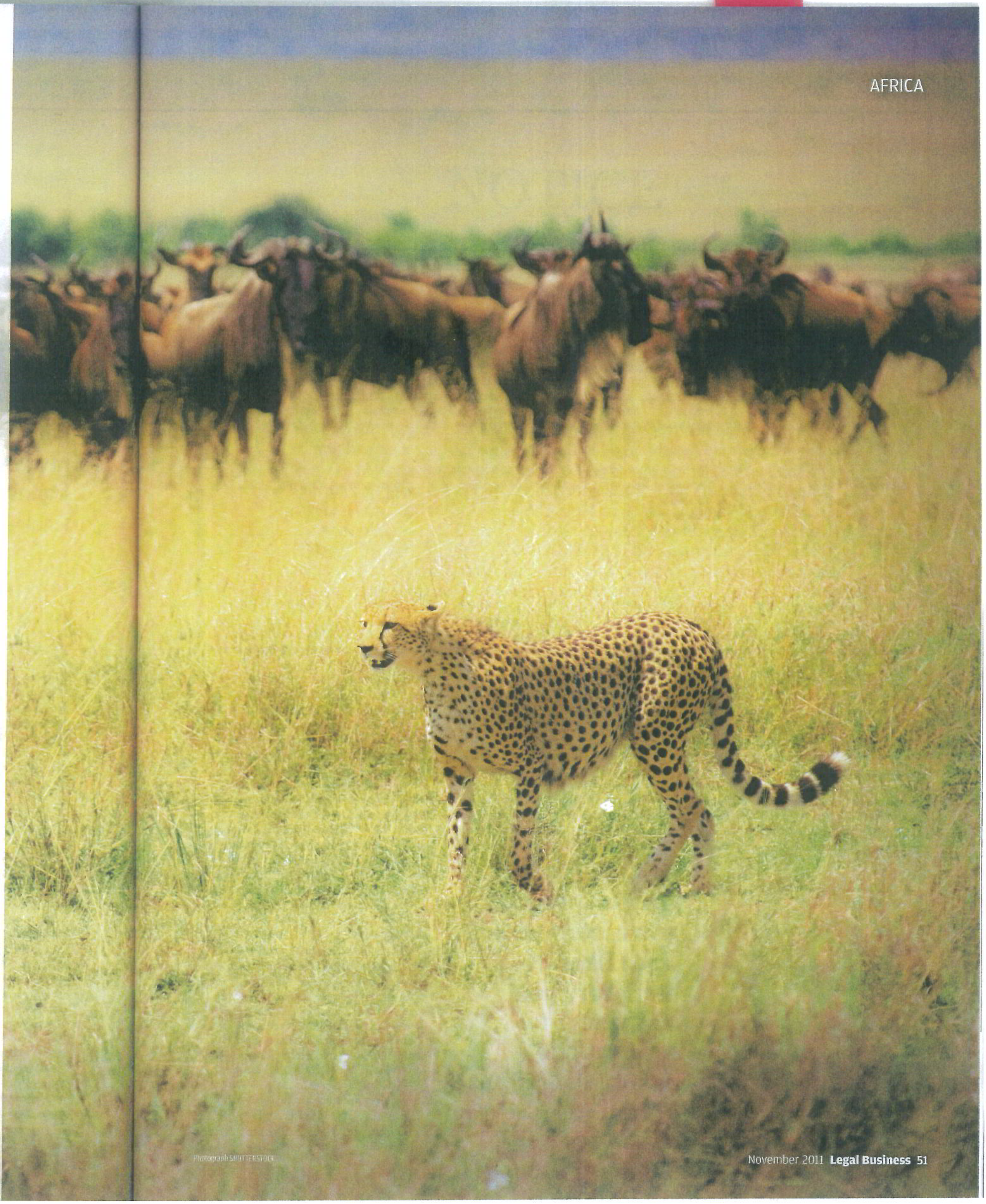
MARIA JACKSON

The ties between Europe and its former colonial African countries have evolved dramatically since the Age of Discovery but strong geopolitical relationships remain. So it makes sense that as Western markets struggle, firms are looking to exploit the opportunities provided by those longstanding cultural connections.

Africa's abundant mineral wealth, thirst for infrastructure and mushrooming corporate finance scene have attracted a growing roster of international names. Norton Rose, Clifford Chance (CC) and Allen & Overy recently announced North Africa openings, while Lusophone (Portuguese-speaking) Africa is attracting Portuguese firms like never before. Even non-European names are jumping on the bandwagon and earlier this year Canadian firm Heenan Blaikie launched its first European office to strengthen its relationships with clients in Francophone Africa.

While it is difficult to make generalisations about a continent with over 50 countries, in terms of law firms it is not impossible. This is mainly because the countries that fall within the borders of Anglophone, Francophone and Lusophone Africa all have legal systems inspired by their colonial partners. ▶

Photograph SHUTTERSTOCK



Photograph SHUTTERSTOCK

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Source: mergermarket

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TOP FIVE AFRICAN M&A DEALS IN 2010

Announcement date	Target company	Target dominant country	Target/seller legal adviser	Bidder company	Bidder dominant country	Bidder legal adviser	Seller company	Seller dominant country	Deal value (US$m)
30 Mar 2010	Zain Africa BV	Nigeria	Advising seller: Linklaters; Talwar Thakore & Associates	Bharti Airtel	India	Allen & Overy (advising Standard Chartered); AZB & Partners; Herbert Smith/ Gleiss Lutz/Stibbe; Trilegal (advising Standard Chartered)	Mobile Telecommunications Company KSC	Kuwait	10,700
15 Jul 2010	Dimension Data Holdings	South Africa	Eversheds; Webber Wentzel	Nippon Telegraph and Telephone Corporation	Japan	Allen & Overy (advising Morgan Stanley); Edward Nathan Sonnenbergs (advising Morgan Stanley); Linklaters; Webber Wentzel	Dimension Data Holdings	South Africa	2,822
18 Feb 2010	Tsogo Sun Holdings	South Africa	Tabacks. Advising sellers: Bowman Gilfillan; Edward Nathan Sonnenbergs	Gold Reef Resorts	South Africa	Edward Nathan Sonnenbergs	SABMiller; Hosken Consolidated Investments	South Africa	2,721
28 Mar 2010	Sonangol Sinopec International (55% stake)	Angola		Sinopec Corporation Hong Kong International	Hong Kong	Allen & Overy; Herbert Smith/ Gleiss Lutz/Stibbe; Skadden, Arps, Slate, Meagher & Flom	Sinopec Overseas Oil and Gas	China	2,457
31 Mar 2010	Momentum Group	South Africa	Advising seller: Webber Wentzel	Metropolitan Life	South Africa	Edward Nathan Sonnenbergs	FirstRand	South Africa	2,408

NB: Based on announced deals, including lapsed and withdrawn bids.

Source: mergermarket

Therefore, the countries of Anglophone Africa form a common law jurisdiction while Francophone and Lusophone Africa both have civil law systems.

Norton Rose joined forces with South Africa's Deneys Reitz on 1 June 2011, providing the firm with an Anglophone Africa platform, a ready-made Africa network and big ambitions (see box, 'Networking', page 54). Raj Karia heads the firm's Africa practice.

'In Anglophone Africa, UK firms tend to have a slight advantage, largely because a great deal of the finance which goes into Africa is driven through London, so having a base in the UK helps,' says Karia. 'Language and culture can have more of an importance for Francophone Africa. Specifically, lawyers with a civil law background are much better equipped to navigate the legal systems in Francophone Africa.'

This means the firms that have chosen to open in Africa have been careful to strategically place themselves in areas where their cultural links are strongest and use this as a springboard to launch themselves across the rest of the continent. It is no longer enough to have one Africa outpost. Clients are looking for international players that offer access to legal support across many African countries and firms are becoming increasingly eager to fulfil that 'one-stop-shop' approach.

'The world has woken up to the fact that Africa is the last great investment opportunity left,' says Scott Nelson, head of Africa at South African firm Edward Nathan Sonnenbergs (ENS). 'Whether you like it or not, people are being forced to take Africa out of the "too difficult" box and do business here. We didn't have the catastrophic downturn that western markets had because African assets are always well priced.'

'Law is becoming more international and Lisbon could work very well as a centre for arbitration.'
João Caiado Guerreiro, Franco Caiado Guerreiro

STATE OF PLAY

While it would be inaccurate to suggest that Africa has not been affected at all by the global downturn (see box, 'African M&A trend', page 56), deals are still being done and there is no doubt that the majority of its economies have been protected from the worst effects.

Leading Spanish and Portuguese player, Cuatrecasas, Gonçalves Pereira & Associados agrees that its Portuguese office – which benefits from close investment links with Mozambique and Angola via exclusive relationships with top tier local offices

NETWORKING

As one would expect, international law firms have historically chosen to service clients through associations and a handful of regional offices, rather than sprawling their franchises across the African continent. This long-established model has since been picked up and replicated by leading local players, who are successfully winning international mandates while retaining their independence. Here we map some of the most high-profile Africa networks.

ALN

Launched as Africa Legal Network eight years ago, ALN is the most local of all the networks. It considers itself 'less imperial' than the traditional Western-led association model and shares knowledge, marketing and computer systems between its members. It currently houses firms across ten African countries (including Botswana, Burundi, Uganda and Zambia) and is about to welcome South Africa-based heavyweight Webber Wentzel to its ranks. ALN prides itself on having no parent firm and is garnering increasingly high-profile mandates on the back of its invaluable local experience. The network recently acted as local counsel in Kenya, Tanzania, Uganda and Zambia for Bharti Airtel, the largest cellular service provider in India, on its acquisition of Zain Africa's assets, across 15 African countries (see box, 'Top five African M&A deals in 2010', page 52).

DLA Piper Group

While DLA Piper does not boast as extensive country coverage as some, the firm's well-known international brand has ensured a substantial alliance network across the core economic areas, including Egypt, Kenya and South Africa. The firm also has relationships with the highly rated Reindorf Chambers in Ghana; Ishengoma, Karume, Masha & Magai in Tanzania; and Chibesakunda & Co in Zambia. Mining and telecoms are particular specialisms for the group and recently Cairo-based DLA Matouk Bassiouny was the lead adviser for Orascom Telecom Holding on the $130m sale of its Egyptian internet assets to Mobinil.

Norton Rose Africa Legal

Norton Rose specialises in advising on deals in Anglophone and Francophone Africa. Its June 2011 union with Deneys Reitz, a leading South African firm with offices in Cape Town, Durban and Johannesburg, gifted the London-headquartered firm a bolt-on association with CRB Africa Legal – a full-service Tanzanian law practice. Norton Rose also has experience in Francophone Africa via a specialist Paris-based team, which explains the firm's recent decision to open a fifth office in Africa through a Casablanca launch. Overall the network has advised on transactions in more than 40 African jurisdictions, including recently acting for Zambeef Products on its $150m listing on London's AIM market – notable for being the first Zambian incorporated, Lusaka-listed company to dual-list in London.

MLGTS Legal Circle

Many Portuguese firms have formed associations with firms in Lusophone-speaking countries and the most recent trend is to branch that network out to offices even further afield. Morais Leitão, Galvão Teles, Soares da Silva & Associados' 'MLGTS Legal Circle' moved to cement links with Asia at the end of 2010, as the traditional 'investment triangle' relationship between Portugal, Lusophone Africa and Brazil noticeably began to broaden out into an 'investment diamond' as China became more involved in Lusophone territories. So in addition to its alliances in Angola, Brazil and Mozambique, the firm now boasts a relationship with MdMe in former Portuguese colony Macau, to advise investors from China on their outbound investments into Portuguese-speaking countries, as well as to assist investors from Portuguese-speaking countries in managing their China investments.

SNR Denton

SNR Denton fields one of the most extensive networks of associations in the market, particularly following its alliance with Portuguese firm F. Castelo Branco & Associados, Sociedade de Advogados, which brought in five African firms. Overall, it has 21 tie-ups in the continent, with a foothold in the main economies of Anglophone Africa (South Africa), Francophone Africa (Morocco, Egypt) and Lusophone Africa (Angola) - among others. In 2011 the firm's South African associate office, Glyn Marais, advised on the country's biggest single property transaction to date: acting for Growthpoint Properties and the state-owned Government Employees Pension Fund (represented by Public Investment Corporation) on the ZAR9.7bn ($1.2bn) acquisition of the Victoria & Alfred Waterfront.

▶ – continues to garner steady workflow from Africa. 'African economies have not been so strongly hit by the recession resulting from the financial crisis as other continents,' says Frederico Pereira Coutinho, corporate specialist at Cuatrecasas. 'However it has been affected by fluctuation of price on commodities and on oil price.' Offsetting that fluctuation, the firm has seen a significant rise in deals regarding African investment in Portugal, which has helped to stabilise work flow. 'Also, we have 12 years' experience in the local market. This gives us insight and know-how regarding local practices and co-ordination of foreign investment,' adds Coutinho. 'We have been able to use this potential in facing the new challenges regarding these markets.'

Aside from the traditional natural resources deals, firms are branching out into other revenue streams associated with growing populations.

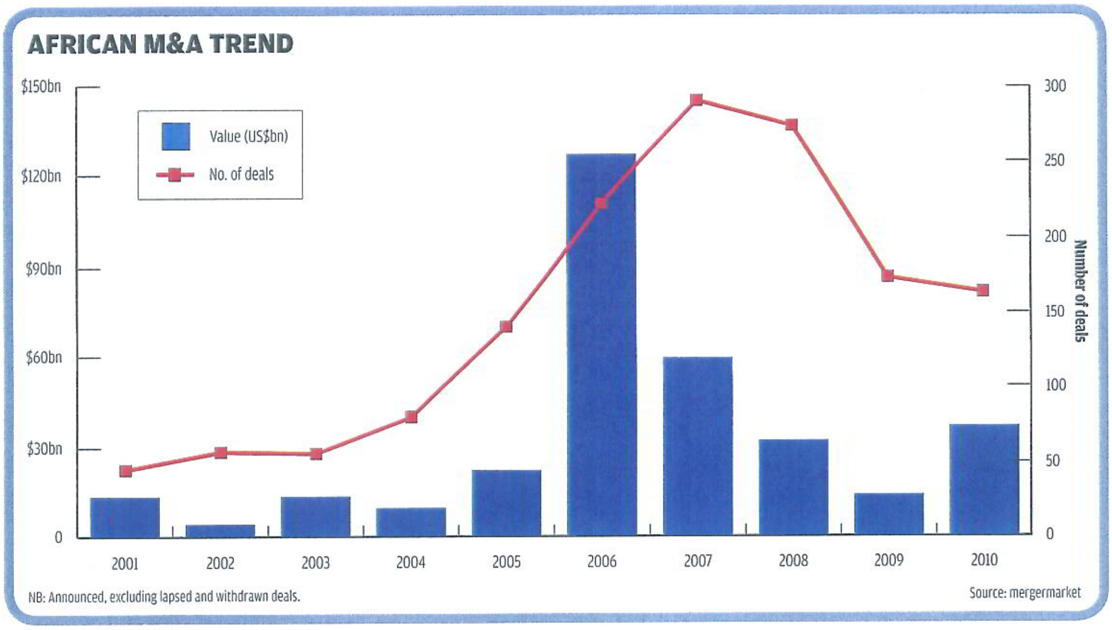
Clyde & Co, which is well known for its experience in emerging markets across the Middle East, is also building up its Africa experience through a close association with Tanzanian law firm Ako Law.

According to Peter Gray, a partner in Clydes' Dar es Salaam office, Africa has been insulated from the worst effects of the recession thanks to rapid economic growth and because the spread of retail banking has been very limited in many parts of Sub-Saharan Africa. Gray recently led a team advising the borrower on the $350m multi-source financing of mobile telecoms network equipment in Southern Africa.

'According to the African Development Bank, one in three Africans – some 313 million people – are now defined as middle class,' Gray says. 'Africa's need for infrastructure development is enormous although it is somewhat constricted by limitations on investor capacity and finance. Some of the most rapid gross domestic product (GDP) growth rates in the world are from Sub-Saharan African countries – including Ethiopia and Tanzania.'

Other regions that may not be the first that spring to mind when thinking of investment opportunities include some of the Anglophone countries in West Africa. Ghana, in particular, is doing very well, posting 7.7% real GDP growth in 2010. Such growth is not going unnoticed and local firms are seeing international names making an increased play for regional mandates.

Elikem Nutifafa Kuenyehia is the managing partner of leading Ghanaian firm, Oxford & Beaumont. Formerly a lawyer in the international banking group at Linklaters, ▶



▶ Kuenyehia's strong links to the London finance market have resulted in Oxford & Beaumont remaining the only Ghanaian law firm to have an office in London and he recently advised on the $500m financing of FPSO Nkrumah for the Jubilee oil fields.

'We have seen international firms who have previously never bothered with Africa, overnight develop African groups with senior partners criss-crossing "the dark continent",' he says. 'I do not think there is enough work to go round for the number of international firms chasing the work, especially in the relatively smaller economies. In Ghana for example, I would say that there would only be enough work for a limited number of international law firms – as although it is increasing, there are only a small number of big ticket transactions each year and really it is only those transactions that attract international firms.'

The genetic make up of those 'big ticket' transactions is evolving rapidly, which is ensuring that the legal market landscape is changing just as quickly as the demand for legal services increases.

'Lusophone Africa has experienced the inherent instability that undermined any potential for foreign investment.'

Catarina Levy Osório, Morais Leitão

As Gray suggests, it is no longer just the commodities sector that is attracting investors, although energy and natural resources deals represented a quarter of the continent's top 20 biggest M&A transactions in 2010 (see box, 'Top 20 African deals in 2010 by sector', page 58). Oil and gas now have to share the limelight with infrastructure, telecoms and, in light of Africa's burgeoning consumer class, retail. This is ensuring a healthy pipeline of investment activity, which is translating into strong regional economic growth. The five largest African economies all posted GDP growth in 2010, according to the CIA's World Factbook. South Africa saw its GDP slide by 1.7% in 2009 but it bounced back to post respectable 2.8% growth to $524bn the following year; Egypt, despite its economic troubles, has done an excellent job to maintain growth over the past two years and its economy grew by 5.1% to $497.8bn in 2010. Meanwhile Nigeria, Algeria and Morocco posted growth of 8.4%, 3.3% and 3.2% respectively last year. Significantly, however, that growth pales in comparison to the figures coming out of Lusophone ▶

▶ African countries. Angola's increased oil production, for example, pushed the country towards growth that averaged more than 15% per year from 2004 to 2008, while Mozambique's GDP expanded by a substantial 7% in 2010.

Of all of the former colonial blocs, Lusophone Africa is the clearest to map; Angola, Cape Verde, Guinea-Bissau, Mozambique and São Tomé and Príncipe all retain Portuguese as their official language. Following Angola and Mozambique's startling growth rates over recent years, it has become the new 'go-to' zone in Africa.

SNR Denton's UK legacy firm Denton Wilde Sapte boasted strongholds in Anglophone and Francophone Africa, but since its merger with US outfit Sonnenschein Nath & Rosenthal in September 2010, the firm has concentrated on widening its Africa focus – recently associating with Portuguese firm F. Castelo Branco & Associados, Sociedade de Advogados to add five new African firm alliances and bringing its total country coverage up to 21.

'The big draw for firms looking at Lusophone Africa is that, post civil war, many countries can start building up their infrastructure,' says Paul Bugingo, partner and co-chairman of SNR Denton's Africa committee. 'For example Mozambique can now start to exploit its potentially vibrant tourist market, which has been held back in the past due to natural disasters.'

LUSOPHONE AFRICA

SNR Denton's move into Lusophone Africa via a Portuguese tie-up is a particularly savvy move. Portuguese law firms have been driving confidently into the region in recent years, at a pace that has been significantly accelerated by Portugal's downturn. Abreu Advogados entered into an exclusive co-operation agreement with Mozambique firm Ferreira Rocha & Associados in October 2010 and Lisbon-based Vieira de Almeida & Associados (VdA) opened in Angola through an alliance with local firm Paulo Antunes in January 2011. More recently, PLMJ launched a new office in Mozambique in July through a partnership with Maputo practice Tomás Timbane & Associados. Importantly, all of these firms have platforms in both Angola and Mozambique, while VdA and PLMJ also boast footholds in Brazil.

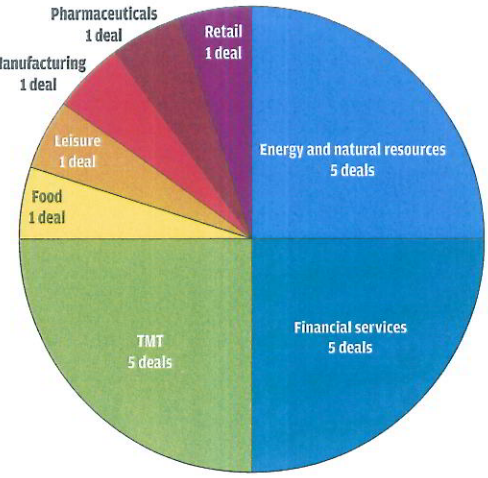
Portugal's Miranda Correia Amendoeira & Associados (Miranda) has established one of the most extensive networks in the market with its 'Miranda Alliance', which brings together over 170 lawyers across four continents. In Africa, the firm boasts offices or associations in Angola, Cape Verde, Equatorial Guinea, Gabon, Guinea-Bissau, Mozambique, Republic of Congo and São Tomé and Príncipe – effectively covering the whole of Portuguese-speaking Africa.

'British firms have been at the forefront of internationalisation in general – including Anglophone Africa,' says Rui Amendoeira, managing partner of Miranda. 'Portuguese firms are trying to replicate that model and are going outside our domestic market.'

Lusophone Africa only recently became a destination for most law firms in Portugal and today only Raposo Bernardo and Miranda are in all five countries. Raposo Bernardo is an independent Portuguese firm with a strong international outlook and was one of the first firms to consider Africa, following its first office launch on the continent in 2005. Nelson Raposo Bernardo, global managing partner, agrees that there has been a significant lag in the Portuguese movement towards international expansion, particularly when comparing to the proliferation of international firms across Francophone and Anglophone Africa.

'During the '80s and '90s, Portuguese law firms were very closed, very traditional ▶

TOP 20 AFRICAN DEALS IN 2010 BY SECTOR



NB: Based on announced deals, including lapsed and withdrawn bids.

Source: mergermarket

'The big draw for firms looking at Lusophone Africa is that, post civil war, many countries can start building up their infrastructure.'
Paul Bugingo, SNR Denton

and small. Only when the domestic market began to open up to international influences in 2000-02 did law firms begin to grow,' says Nelson Raposo Bernardo. 'But over the past ten years Portuguese firms have been more concerned with gaining scale and acquiring international experience.' Even when that international experience was acquired, the strength of the domestic market from 2000 until 2008 made sure that focus was trained inward rather than outward and firms felt no need to look abroad.

'Currently the Portuguese market is experiencing a serious crisis,' adds Nelson Raposo Bernardo. 'Many of the firms who have recently expanded into markets such as Angola or Mozambique have done it more to avoid domestic difficulties rather than by a structured and planned development. Many of these firms will stop arriving in Lusophone Africa as soon as the internal market returns to normal.'

This is not a criticism that can be levelled at Raposo Bernardo. Nelson Raposo Bernardo's relationship with the World Bank has seen him support governments as a consultant for legislation projects, such as advising the Cape Verde government on numerous legislation regimes including banking, insurance and real estate. Legislation reform has been core to the promotion of Lusophone Africa as an emerging investment market and the establishment of more transparent governments following the end of civil wars has created a significantly less risky regional business climate.

PLMJ maintains successful joint ventures in both Angola and Mozambique, and partner and co-ordinator of its Africa desk Tiago Mendonça de Castro is optimistic about Africa's commitment to updating its regulatory and legal systems and what that means for clients.

'Many firms who have recently expanded into markets such as Angola have done it more to avoid domestic difficulties.'

Nelson Raposo Bernardo, Raposo Bernardo

'A more open and investor-friendly framework – granting benefits and incentives for private investment – is sure to attract national and foreign investment,' he says. 'Using Angola as an example, the last decade saw three private investment laws. The state successfully endeavoured to attract resources and knowhow, as the legal framework was updated and the majority of investors can now structure their whole investment and repayment in contracts to be entered into with the Angolan state. This certainty plays a major role in the new investment climate in Angola.'

However, Mendonça de Castro also points out that despite the rise in deals, the costs and logistics involved in establishing offices on the ground make dependence on international networks a preferable option in some areas. The Angolan capital Luanda, for instance, was recently listed as the world's most expensive city for expatriates by an annual survey undertaken by the Mercer Group.

Nevertheless, it seems that the abundance of workflow more than makes up for the cost of a few extortionate hotel stays. 'There is plenty of work to go around, as new companies want to expand into Angola and Mozambique and new deals are happening on a daily basis,' says Mendonça de Castro. 'The main problem is being able to set up a long term and sustainable project in a market that quickly filters suitable firms and therefore prevents law firm overpopulation. The international and highly sophisticated clients engaged in these countries, and the amounts involved, do not allow for mistakes so clients can very easily tell which firms are reliable.'

Certainly, as law firms rush to launch in Lusophone Africa, you could be forgiven for thinking that overpopulation was a distinct possibility. However, firms say that is simply not the case.

Independent Portuguese firm Abreu Advogados moved into Mozambique last year through an exclusive relationship with a local

player. The firm already had a strong Angolan presence and notably advised Banco Espirito Santo in setting up its investment, asset management and retail operations in Angola.

'These firm relationships provide Abreu with the appropriate platform to advise its clients as overseas Angolan and Mozambican legal experts with local capability,' says Miguel de Avillez Pereira, corporate specialist at Abreu Advogados and head of the firm's Angolan operations. 'Both in Mozambique and Angola the legal markets are fairly regulated. There is not the saturation of domestic firms in African markets as we now see in most Western markets and, importantly, foreign firms are not even allowed to set up there.'

So it seems that markets are not being swamped just yet.

MOUTHS TO FEED

It is fortunate that there is plenty of work to go round because as their home markets slump, European firms continue to look to the ▶

revenues provided by Lusophone Africa in their droves. The type of work on offer is varied enough to suit most large firms; in addition to Angola's oil reserves, which account for over 50% of GDP, and its abundant mineral and agricultural potential, the country is also recovering from a civil war that raged for over a quarter of a century so there is much rebuilding to be done.

Lisbon-headquartered Morais Leitão, Galvão Teles, Soares da Silva & Associados fields an extensive international network across Africa and China through the MLGTS Legal Circle (see box, 'Networking', page 54). 'Lusophone Africa has suffered decades of armed conflict and has experienced the inherent instability that undermined any potential for foreign investment,' says Catarina Levy Osório, consultant with the Angolan desk of Morais Leitão and partner of ALC Advogados – its Angolan associated firm. 'Countries like Angola and Mozambique are now experiencing a promising economic period, causing such countries to reach the highest economic growth rates within the continent. Such a positive development has allowed both Angola and Mozambique to rebuild their infrastructure, thus becoming an adequate and attractive investment site. As an outcome of such growth, both countries have recently been capable of developing and perfecting their legal practice, attracting international law firms.'

Growth has been remarkable – research by *The Economist* claims that from 2001 to 2010, Angola's annual average GDP growth rate was 11.1% – and political stabilisation and infrastructure development has pushed up deal flow considerably. So it is no wonder that international firms without offices on the ground have been trying to grab a piece of the action. In March 2010 the Hong Kong unit of China Petroleum & Chemical, or Sinopec, purchased a $2.46bn stake in an Angolan oil field to boost the company's crude oil production (see box, 'Top five African M&A deals in 2010', page 52). Firms advising the

'A new stream of international revenues has come from helping local governments draft new laws.'

Nuno Castelão, VdAtlas

bidder included A&O, Herbert Smith/Gleiss Lutz/Stibbe and Skadden, Arps, Slate, Meagher & Flom – none of which had offices in the country. Oil and gas remain the main source of deals and firms say that despite the variances in legal practice across the continent, energy is one area where that distinction is no barrier to doing deals.

SWINGS AND ROUNDABOUTS

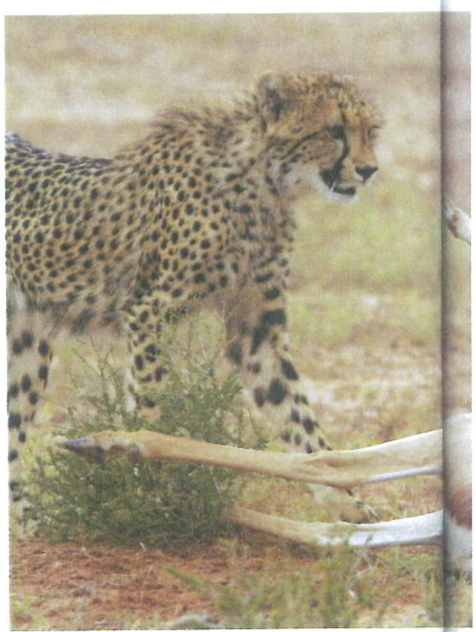
Despite the advancement of foreign investment into Africa, it is only half the story. Outbound investment may currently be tentative but firms are waiting eagerly for Africa's confidence to develop. Already, there are signs that Lusophone African investors are beginning to reverse the former colonial relationship and milk their cultural links to take opportunities in Portugal's struggling market.

Franco Caiado Guerreiro & Associados is a full-service firm with an office in Angola that has become increasingly active since the European downturn. 'We have worked on plenty of outbound investment from African countries into Portugal and the EU,' says managing partner João Caiado Guerreiro. The firm recently advised Primagest (a subsidiary of Angola's national oil company Sonangol) on the purchase of COBA, the most important and largest engineering company in Portugal in a deal valued at around €45m and involving several jurisdictions – COBA is active in over 30 countries on four continents. In addition, the firm is eyeing up the possibility of Portugal utilising the growing importance of its language to promote itself as a centre for alternative dispute resolution.

'Law is becoming more international and Lisbon could work very well as a centre for arbitration,' points out Guerreiro. 'Portuguese-speaking countries are becoming increasingly powerful – Brazil is the fifth-largest economy in the world for example – so we can utilise that trend to become a global centre of excellence.' The Portuguese-speaking world is growing: UNESCO predicts that it will become one of the most spoken languages in Africa within 50 years and it is also already spoken by over 193 million Brazilians; over 12 million Europeans; and more than two million North Americans. This should prove to be a great asset for Portuguese-speaking firms going forward.

THE BIG DRAW

Generally there has been a trend towards acquiring less tangible assets than the traditionally coveted African commodities. In particular, both foreign and domestic investors are looking closely at telecoms. Out of the top 20 deals in Africa in 2010, one quarter were telecoms-related (see box, 'Top 20 African deals in 2010 by sector', page 58) ▶



▶ including the biggest deal of 2010: Bharti Airtel's $10.7bn acquisition of the African assets of Kuwait telecoms company Zain Africa. It was a deal that lured in some big names, with Linklaters working alongside Indian player Talwar Thakore & Associates to advise Zain, while A&O advised Standard Chartered alongside Trilegal, and AZB & Partners and Herbert Smith/Gleiss Lutz/Stibbe advised the bidders.

'A new stream of international revenues has come from helping local governments draft new laws,' says Nuno Castelão, head of international relations and partner in charge of VdAtlas, VdA's international platform. 'We drafted a telecoms package for the Angolan Ministry of Telecommunications and Information Technology, which enabled us to raise our local profile, to get more familiar with local laws and to build relationships with local government.'

Indeed, its local profile for telecoms paid off when it was awarded a mandate from an African Development Bank-led syndicate to advise on the financing of the installation of an underwater fibre optic cable in Portugal, Nigeria and Ghana designed to carry communications between Africa, Europe and the US.

'The telecoms sector is a particularly strong area for us and this was the African deal of the year,' says Castelão. 'There will be a lot more regulatory work to come out of Lusophone Africa.'

Telecoms is a big draw across the whole of Africa at the moment, and buyers are queuing up from around the globe: the Zain Africa deal saw an Indian corporate buying the assets, while the second biggest telecoms deal saw Japan-based Nippon Telegraph and Telephone Corporation acquire South African Dimension Data Holdings in a $2.8bn deal.

'A more open and investor-friendly framework is sure to attract national and foreign investment.'
Tiago Mendonça de Castro, PLMJ

'If you're a consumer-facing business in Africa then you're doing great: Africa has about one billion people, plus a growing youth population. Food and retail are doing very well,' says Koos Pretorius, joint head of ENS' corporate commercial department. 'There are two distinct streams of investment: the government/sovereign wealth funds are looking at minerals but the private equity funds are looking at retail assets. There is an increasingly affluent consumer class and telecoms and retail are the big areas.'

ENS recently acted on a standout example of South Africa's growing retail desirability, advising South African company Massmart Holdings on the sale of a 51% stake of its business to US retail giant Wal-Mart (Skadden and Webber Wentzel acted for Wal-Mart).

'We compete directly with the Magic Circle firms and the bigger French firms in the way we approach Africa. We have developed a network and firms that we work with know what we expect of them,' says Pretorius.

ENS points out that South Africa is one of the most favourable points of entry for international clients into Africa, and it manages to attract these clients without any offices outside its home country. Which begs the question: do you need to be on the ground to conduct business in Africa?

STICK OR TWIST

Skadden advised on two of the six biggest deals in Africa in 2010 – advising Wal-Mart on ▶

its entry into Africa and Sinopec on its purchase of Angolan oil assets.

'For the type of matters and transactions to which Skadden is best suited, a lack of presence in Africa is no hindrance,' says Hunter Baker, corporate finance partner at Skadden. 'We are constantly reviewing the market and the needs and requirements of our clients, so if circumstances were to change we would respond to the market. But generally there are parts of Africa which are Francophone that we see as compatible with our Paris office, and parts of Africa which are Anglophone that are more compatible with our UK and US offices. We also have a Portuguese capability via our South American practice and our São Paulo office as well as other more country-specific experience and skills across our practices.'

Historically, US firms have been more reticent about international expansion than European firms. UK firms in particular are a lot more brazen in their quests to secure new revenue streams. In a recent trend, a good handful of UK firms have decided to encroach on the traditional stomping ground of French players. Most notably A&O, CC and Norton Rose have announced intentions to open in Casablanca. Is a 'gold rush' mentality developing?

'For us at Clifford Chance, no – Clifford Chance is not on a "gold rush" into Africa,' says Anthony Giustini, partner in CC's Paris office and co-head of its global Africa group. 'We have been there for years and are continuing to apply the business plan that we developed without short-term stops and starts. We view Africa as a series of legal markets that should be judged on their own qualities, not as "fall backs" due to a decline in the West.'

In terms of Morocco specifically, Giustini says CC sees it as an 'excellent jumping off point for work in the region' and as a 'natural choice for our first office on the continent'. It is very significant that a London-headquartered firm would choose a French-speaking market

'China is Africa's largest trading partner, the biggest investor in infrastructure projects and the biggest lender to Africa.'

Roddy McKean, Webber Wentzel

as its entrance into Africa but with the biggest Anglophone market, South Africa, serviced very well by law firms it makes sense to move into a market less saturated by firms that can boast strong relationships with London finance. Currently, the three biggest corporate finance firms in Morocco are French heavyweight Gide Loyrette Nouel, local player Kettani Law Firm and UGGC & Associés – another Paris-based firm – so the gap in the market for a global player is clear to see.

CC also points out that Chinese interest in African natural resources and infrastructure is becoming a considerable part of its work. It is a trend that is sweeping across Anglophone, Francophone and Lusophone Africa and it is a trend that cannot be overestimated.

BREAKING CHINA

The links between China and Lusophone Africa in particular are evident. Angola is China's leading African trading partner and its top supplier of crude oil, supplanting Saudi Arabia in 2010. Significantly, China Eximbank has provided the African country with three major lines of credit since 2004, totalling around $7.5bn. However, other African countries are also seeing the deals flow through.

Webber Wentzel is a leading independent South African law firm that has recently announced it will be joining ALN, the local legal network (see box, 'Networking', page 54).

'China is now Africa's largest trading partner, the biggest investor in infrastructure projects and the biggest lender to Africa. So China is now a large player in Africa,' says Roddy McKean, head of Webber Wentzel's Africa group. 'Many of the initial deals were government to government. However things have moved on and we are seeing an increasing number of instructions from Chinese banks, financiers and corporations on a range of projects in infrastructure, energy and natural resources for the likes of Citic and China-Africa Development Fund.'

However, China is not the only emerging market partner spending money in Africa. 'India and Brazil are also investing large amounts in the continent,' adds McKean. 'We are acting for Vale, the Brazilian mining giant, on some major projects in a number of countries in Francophone and Lusophone Africa. Similarly we have a team focused on Indian clients who are investing into Africa.'

So the message is clear. Whether you are a law firm looking at launching in either Lusophone, Anglophone or Francophone Africa, move quickly, because markets are opening up and investors are rushing in. The second stage of the race for Africa has begun. **LB**

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