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WELCOME TO BGI NEWS

Balms Group International is an International Association of Independent Law Firms with a world-wide vocation and as far as we know the first one of Anglo-Hispanic origin.



I, as president of the Association, would like to give you a warm welcome to this first edition of B.G.I. News. We hope that this Newsletter will establish additional links between the associates of B.G.I, its staff and our mutual clients.

B.G.I. News was created with the intention of providing news of B.G.I. members and of our clients with the aim of exchanging information from all points of view, be it news on our national and continental legislation, or our professional experience, interviews with personalities, leading articles, news from new members and candidates, the progress of B.G.I, fusions of members offices, joinings and withdrawals of member firms, novelties in communication, e-mail address, Web Page, changes of offices, congresses, conferences and publications within the network. Above all, I hope that this publication will reach you all at least twice a year, featuring news, our wishes, developments, thoughts and ideas.

I hope you will all find pleasure and satisfaction in reading this newest issue and at the same time I hope that it encourages you to send us your literary and photographic input for the following editions.

Yours sincerely,
Juan Luis Balmaseda de Ahumada
BALMS GROUP INTERNATIONAL
President



BGI NEW CANDIDATES

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Due to the fact that we are a very active and dynamic professional staff, we feel proud to announce that we count with candidatures from firms in Lisboa, La Paz, Munich and we are waiting news from contacts in Manila, Miami, Mexico, New York, Oakland, Sidney and Prague. Some of them, as in the case of La Paz, have been referred to us by associated offices, Buenos Aires in particular.

The fact that our associated colleagues are working so actively and are making such efforts to extend the coverage of the organisation fills us with pride and satisfaction. Some other firms have contacted us through other entities, companies and professional colleagues that work very closely with us. Having reached this point we would like to explain briefly the process we follow in our search of new candidates.

Initially we contact the Embassies (English and Spanish), Chambers of Commerce, Bar Associations, Law Firms, etc... in order to establish a first approach. After this we send a mailing to present B.G.I. The reaction that we get is usually very positive, taking into account the opportunity given to the firms to spread their world-wide coverage. Then we select the ones that we consider most suitable.

The next step would be to visit the city of the candidates, a trip that will be made by our President. This is a vital point, because it is here where the cultural exchange of impressions and experiences is carried out. From these pages we would kindly ask you to carry on collaborating, even more, if possible, with this, your World Secretariat, to present new possible candidates that may be interested in being members of B.G.I.

There is no more serious reference regarding professional, quality of service and prestige of the firm than the reference coming from one of you. Besides, common sense and coherence dictate that future members situated in the surroundings of the existing ones, will be introduced by the latter.

Thanking you in advance.
Balms Group International

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II WORLDWIDE BGI CONGRESS IN VIENNA

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The II world-wide B.G.I. Congress is being organized by our associates in Vienna Neumayer & Walter, as it was agreed last year after the celebration of the I B.G.I. Congress in Marbella

The organization is being carried out perfectly, but it would be nice to take the chance to kindly ask you to send all your lectures to the B.G.I. Secretariat.

These will be presented in two official B.G.I. languages and we need to work on the translations.



The program will be as follows:

14th of May (Friday)

Arrival at the airport and transfer to Vienna. Registration at Neumayer & Walter office. Relaxing evening at a typical Viennese «Heuriger» which is located in the outskirts of the town and where we will all eat typical Viennese food and drink excellent Austrian wine from wine growers who sell their wines all over the world.

15th of May (Saturday)

While the Congress takes place, family members can go on a sight-seeing and shopping tour in Vienna. In the evening we will all be invited to a ball and dinner where more than 300 guests will gather. 16th of May (Sunday) brunch and transfer to the airport .

It will be an important event to see each other again, specially taking into account that the city of Vienna offers a wide range of possibilities, both turistic and cultural, which we can enjoy together. Of course, the main aim in this event is the celebration of the II world-wide B.G.I. Congress and in consequence its Second Annual Meeting, in which we will exchange impressions about how the B.G.I. works in each of our member's countries.



The Congress itself will take place at the famous palace called «Palais Auersperg», which was built in 1721 by Fischer von Erlach in a baroque style and renovated in 1853 in a classical style; its beauty will amaze all of us. We will be staying at the Hilton Hotel, one of the most well-known and prestigious hotels of Vienna. Nevertheless if you want more information about this amazing city you can access directly at <http://service.magwien.gv.at/>

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CELEBRATING 2 YEARS BGI

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Balms Group International celebrated its 2nd year anniversary on the 16th of November 1998. The foundation of B.G.I. was an initiative of the Spanish firm Balms Abogados S.C., with offices in Marbella and Madrid, and the English firm Black Graf & Co. in London. These two firms united to form an Association of Independent Law Firms in order to provide for their clients' needs beyond the borders of their own countries.

The fundamental principal of the association is 'Think globally, win locally', which essentially signifies that by working together on a global scale, it can greatly increase its range of client

services.

They are ensured the same outstanding service throughout the world. Our Association has grown rapidly; starting with the Nuñez & Co firm entering almost immediately after the founding members had signed the Association's By-laws! Only 2 or 3 months later, we were fortunate enough to incorporate our associate in Vienna, Neumayer & Walter. Not long after we directed ourselves towards the Orient; and Vincent To, in his own special way, joined B.G.I. actively and enthusiastically, with his offices in Hong Kong and Beijing.

Soon thereafter Johannes Neumayer introduced us to András & Partners in Budapest (now András, Réti, Szegheô & Partners), and in March of last year in South America we had the pleasure of meeting our magnificent associates Siseles, Lichtmann, Indij & Associates, in Buenos Aires, and Lewin & Wills Abogados, in Bogotá. The average member firms are medium sized (4-30 Lawyers), distinguished for their reputation and practices in their country. The Association is currently considering applications from interested candidates in Ireland, Germany, France, Italy, Czech Republic, Mexico, Bolivia, the Philippines, Australia, New Zealand and the United States. In 1999 we hope to finalise our alliances with a number of the above mentioned cities and others.

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BGI PRESENTS ITSELF VIA WEB PAGE & UPDATE CDROM

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Balms Group International 2-year anniversary in November 1998 was the chosen venue to launch our Web Page onto the Internet.

You can find us at: www.balms.com Each one of our associated offices is represented on this Web Site. Just click and you will be able to take a look at a specific firm and their lawyers, complete with curriculum vitae and their field of expertise.

Another presentation tool is the newly updated CD-ROM, which also offers an insight into all our associated offices. This bilingual CD-ROM presentation gives each associate the opportunity to get a preview of any associated office of his or her choice. This means being able to put faces with names, as all lawyers of each firm are shown with their personal photograph and curriculum vitae as well as a video featuring the firm's offices.

Furthermore it offers uniformity for all associates by enabling them to copy B.G.I.'s logo off the CD as well as B.G.I.'s letterhead and standard correspondence between the firms. The CD-ROM is being updated with each new member entering the Association. Each B.G.I. member will automatically receive 1 copy of this newest 1998 2nd edition, which will also include the updated By-laws, standard letters and logo.

In case a member would like to receive more than 1 copy we will be able to provide additional copies at 4000 pesetas each + postage fees. We also have special copies of this CD available (without By-laws, letters, etc.), which would be suitable for client presentations and even, in some cases, to be offered as a gift. These copies can be ordered through the World Secretariat of B.G.I. at 4000 pesetas each + postage fees. Both the B.G.I. Web Page and the CD-ROM have been designed and produced by Javier Aguado, a highly qualified engineer in Computer Science, who was able to combine both visual delight with a very well organised information package, and directed by the World Secretariat.



20 YEARS OF EXPERIENCE AT LEWIN & WILLS, COLOMBIA

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Our associated firm in Bogota, Colombia celebrated its 20th year in existence during 1998. Lewin & Wills have been growing with the requirements of time throughout those years! Besides its professional service regarding tax matters, foreign and corporate investments they have recently entered the area of communication law, a subject matter that naturally has seen extensive growth throughout the world. Lewin & Wills recently got involved in a publication by COINVERTIR, a corporation that solely dedicates itself to the promotion of foreign investment into Colombia. Lewin & Wills actively participated in the creation of an informative report by formulating the relevant legal aspects in Colombia. This publication can be accessed directly on the Internet at www.coinvertir.org.co.

Another avenue of great interest is the participation and founding together with five other companies - Coca Cola, Procter & Gamble, IBM, Banco Industrial Colombiano and Coopers & Lybrand - of a program called: «Dividend for Colombia». The objective of this program is to promote the social solidarity and responsibility of companies and their employees. This is one of the ways that our associated firm Lewin & Wills gets involved and contributes to the solution of serious social problems

RECENT LEGAL DEVELOPMENTS

A significant and interesting novelty in our country is the introduction of a new consistent measurement, with a transitory character for now, to tax all the withdrawals and debit movements that companies and individuals make through their accounts in the financial sector at a rate of 2 per one thousand (0,2 %). This new taxation measurement, can be extremely effective in collection matters, which could even be considered as a permanent measurement that will replace the income tax or the value added tax. Brazil is one of few countries - as you may know - that some time ago established this tax as part of its tax system.

Alfredo Lewin Figueroa
LEWIN & WILLS, BOGOTÁ

THE HUNGARIAN MARKET OF LEGAL SERVICES

With the fusion of Andrási & Partners and Réti Szegheô Law Offices one of the largest purely Hungarian law firms has been formed in Budapest on January 1st, 1999. The primary aim of our fusion is to provide legal services for our clients on the highest level possible on the various fields of commercial, corporate and civil law. At the same time we believe that a law office with approximately thirty lawyers and employees is still able to keep the flexibility of the medium size enterprises, but deriving from its force in personnel and capital it may stand the serious competition with the newly expanding international law firms in Hungary.



In relation to this fusion, it is interesting to have an overview on the situation of lawyers in Hungary in historical respects as well and to draft the possible tendencies.

The community of attorneys at law, although being one of the officially registered and controlled legal professions in the Socialist Era and maybe because of the special rule of the never cancelled and even not nationalised bars («chambers»), had much more independence than any other similar professions. The profession of the attorney at law could be exercised exclusively in the so-called Working Communities. Neither on this field could free competition, be developed the fees for services was strictly determined and a deviance from these tariffs was only possible on the basis of the permission of the Chamber.

The membership in chambers (bar membership) was a precondition for exercising the profession, and the number of bar members was administratively limited. Its logical consequence was that many talented colleagues, against their intentions and abilities, could not work as lawyers for political reasons or simply because of lack of working status.

When the limitations of our profession had been abolished and it had been made possible to work as private lawyers or as members of private law offices, the number of small and individual offices quickly began to increase. With the liquidation of the old-fashioned national corporations and co-operatives, many former in-house lawyers continued their activities as attorneys at law, just as many colleagues arrived from different fields of public administration and even former state attorneys and judges took their chance as private lawyers.

Membership in the bar has been conserved as condition but for obtaining it the applicant should only have justified to have passed the professional state exam and to have at his disposal adequate real estate and infrastructure for forming an office. Liberalisation of the profession caused no serious problems in the beginning, since in the early nineties the number of legal cases also increased extensively.

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The founding of one hundred thousand of private companies and enterprises and the desire of citizens for recognising and evaluating their newly guaranteed rights meant a large market for the recently constituted law offices. But in the late nineties the transformation of the economic structure, the presence and expansion of multinational companies, and the bankruptcy of numerous small enterprises induced fierce competition in the legal services market. As they say, the community of lawyers was torn into two segments.



On one hand, the large international law firms (as Baker & McKenzie, Hogan & Hartson, White & Case and others) broke into the market covered by the names of Hungarian lawyers who had given up their professional and business independence. The open presence of foreign attorneys is still prohibited, also by the new act on lawyers of 1998 which only makes it possible for foreign lawyers to provide counselling on their domestic laws and on international law.

On the other hand, lawyers dealing with classic civil and criminal law cases and assisting smaller companies had formed many small law offices. Numerous private lawyers decided to enter into an exclusive agreement with a large company accepting it as their only client, fulfilling the same activities as the old in-house lawyers did some years ago. There are however some serious and highly reputed Hungarian law offices, between the two mentioned segments (two of these offices were Andrási & Partners and Réti Szegheô, originally formed by experienced members of the legendary Lawyer's Working Community), which have always believed that professional work can be carried out without compromising the autonomy.



A clear tendency which can be observed at larger business companies is that they demand the permanent presence of a lawyer for their everyday legal matters (employment cases, litigious matters, internal company affairs) while for more complex tasks as due-diligence and more complicated contracts and lawsuits they need the assistance of a working team of lawyers. Thus they need to co-operate with an office in which for every important legal field there is an expert who is responsible for the matters in his competence, but where at the same time the composition of the personnel makes professional consultation of the more complex legal problems possible, making it easier to work out the best solutions through the collision of the different points of view.

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Multinational companies, mainly the first time they invest in Hungary, work willingly with the same law firm they work with at home, and it means a clear advantage for the Hungarian associates of the big international law firms in the competition. However, another tendency can also be seen where the large companies do not bind themselves to only one law office, rather they make lawyers compete (sometimes asking different lawyers to solve the same legal problem without them knowing about each other) and finally they enter into a permanent co-operation with the offices really providing the best service. In case of serious companies it is also a precondition in Hungary for lawyers to speak a high level of English or German, knowing the special terms for legal writing as well. When we, András & Partners and Réti Szegheô Law Offices decided to unite, we were directed by the purpose that, conserving the flexibility, the personal character and being up-to-date of the medium size Hungarian law firms, with concentrated human and financial resources we could take up the fight with the big foreign participants of legal services market.

To achieve this common aim of ours, it is a huge help that our original offices built up optimal international relationships with the Association of Independent Law Firms Balms Group International. The experiences of the first weeks working together show that we can attain our objectives and we may prove that not only «franchise networks» of international law firms are things of the future but also independent and operative traditional law offices can stand the test of time if serious technical and professional background is guaranteed.



Gyögy Képes

ANDRÁSI RÉTI SZEGEHÔ & PARTNERS, BUDAPEST

ENTREVISTA JAVIER ESPARZA - BBV TOKIO

Did BBV have to change its corporate image in order to integrate into the Asian market?



»The change in corporate image is not a necessity in itself to approach businesses in other markets, not withstanding, it is important at the time of establishment within a new market, to supply the offices with local professionals to enable a soft approach to the local business community. The most important thing for an executive in countries so different from ours such as the Far East is to form a good team of professionals and knowing to direct them being the drive between the market in

question and the Headquarters that they represent.»

In your experience, what are the main differences that exist between Eastern and Western investors and/or clients?

»Maybe the most fundamental difference is the concept of Bank-Client relationship. Generally in Asia, the Client-Bank relationship is profound, supporting each other in good and bad times, in expansion and recession. One of the principal problems that the foreign bank is confronted with constantly in the matter of local clientele, is the possibility that the client is left abandoned in times that he needs his banker most to overcome a crisis.»

»The relation ... is a familiar concept. Well it is true that said rule does not apply to all of Asia as, in the case of China, the concept is more short term business than long term projects exceptions being the larger corporations. Fundamentally, the politics of the Asian countries are that of long term, looking for a harmonic and constant growth of the different countries, with exception of those who are less developed and are still in the hands of political and family clans.

» How has the economic crisis affected Asia? a. To the region in general (people, economy, etc.)

»Once again you can not generalise the degree of impact to the different countries in the Asian area. While the most affected one, as much on a social level as on economical one has been Indonesia, on the opposite pole we encounter rich Japan with a sufficient economic capacity to resolve its big problems in the financial section. If I try to make a rapid analysis of the different countries, I would have to establish a first group with Indonesia and Vietnam, a second one with Malaysia and Thailand and the Philippines and a third one with Taiwan, Hong Kong, China, Singapore and Japan».

»In the year 1998 growth has been reported for China, Taiwan, the Philippines and Singapore and on the contrary, recession





in Japan, South Korea, Hong Kong, Thailand, Malaysia, Indonesia, Vietnam, Cambodia and Burma.»

»For 1999, it seems that South Korea, Japan and Thailand, after considerable reconstructions in their financial and economical systems, will return to the path of growth. The exception Hong Kong, strongly depending on the Asian economies in general and China in particular, will enter a growth when they will. Without room for doubts, the worst part of the economical crisis falls on the side of the most vulnerable, the population, but, I insist, not in all the countries as we have distinguished the more developed ones from the less developed ones, the more democratic ones from the ones that are not, the ones with a market economy from the ones with a centralised economy.»

b. To BBV while penetrating the Asian market?
»In general, when we find ourselves before a scene of economic-financial crisis, business logically decreases and the opportunities are fewer. Notwithstanding this and although it seems an incongruity, to know how to take advantage of a crisis is in itself a big business.»
»The fact that Japan is immersed in a financial crisis, offers exceedingly positive perspectives from the point of view of capturing new business. Therefore, while at the time of strength of the financial system it was very difficult to penetrate into the bigger economical-financial groups, at present and as a consequence of the reconstruction of the sector, in which the dimension of the financial entities has to be reduced, the business opportunities are great.»
»If presuming that, the Japanese bank can not attend to the demand of the real economy, the foreign bank will have an important niche to replace it and put itself in the network of these companies that operate all over the world.»

»On the other hand, the countries we mentioned previously like countries in growth, such as China, Taiwan, etc., also represent opportunities of negotiation and business. Ultimately there are the financial-economical centres of Hong Kong and Singapore that are always offering opportunities of penetration.»

How is BBV preparing itself for the arrival of Euro? And the 2000 effect?
»BBV is a bank that traditionally has had a great preoccupation for the big challenges, dedicating sufficient human resources and technicians to tackle them.»
»I can say that, regarding the Euro and the problem that is created within the computer systems while facing the year 2000, are already resolved.» «The human teams that have been dedicated to these tasks and, as well the significant investments and technology, guarantee a perfect transition of both themes.»

»Knowing that these challenges are not the only ones that the BBV Group faces within United Europe, the anticipated plans of preparation and the constant investments in top quality technology, are a constant, not being left limited in concrete situations but remaining in all the work plans of each financial year.»



In what way could BGI improve its representation in the Asian countries?

»If we are conscious of the fact that the world is immersed in a rush of globalisation, any company that consider having an international character will have to inescapably go through associations, alliances, fusions, etc. in order to establish themselves.»

»The only thing a company of the 21st century must do, is to self-analyse, define their goals and go after them.» «The BGI group, because of its nature of being a Legal group that works with international companies, has to try to establish links that permit them to attend to all their clients in all the countries where they are doing business, therefore, the establishment of alliances, can be a more than realistic and beneficial way for all its associates.»

What other services could BGI offer to its associated members?

»Within the dynamics of the international firms, I think that the services that a group of these characteristics can and has to give is to help, through its network of associates, to facilitate the introduction of the companies in the different respective markets of presence, to facilitate each other the investment movement in each market, to better understand the legislation and its changes to present to them the financial entities for their business propositions, to support them in looking for companies with a possibility to buy in order to penetrate in the same, to recommend financial and/or industrial investments in contact with its local bankers to provide them with the contacts with the local governments etc.»

Do you have anything to add to this interview that has not been discussed?

»Something I believe is important in this context of globalisation of the businesses is the previous preparation of the companies to pursue penetration of the different markets.»

»We often come across the existence of important capacities and great willingness within a company that is entering different markets, however they can not use this because of the lack of prior preparations, by not having studied the market where they wanted to operate beforehand. In one word, by not having used the channels that could have made the penetration much easier.» «In the majority of countries there are representations of financial entities, official lawyer entities, etc., which are also in the country of origin and can be contacted to establish the strategies of approach.»

»The opportunities are plenty and likewise the competence, but nobody is more than the other one, it is a matter of self-analysis, goals, preparation and knowing to touch the necessary keys to have success.»

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BALMS ABOGADOS VISITS BLACK&GRAF IN LONDON

The whole office of Balms Abogados in Marbella enjoyed a long weekend in London from December 17th till the 20th upon the invitation the firm's partners. We were offered this extra special incentive as token of appreciation for our dedication to Balms throughout the year.

All 19 participants arrived in London on the afternoon of January 17th to stay at the Cumberland Hotel right in the heart of Oxford Street's shopping delight. That same evening the musical «Beauty and the Beast» was on our program, which turned out to be a thoroughly enjoyable evening, topped off with a late night snack at «Planet Hollywood».



The next morning we got to see all the main attractions of London, while having the rare sight of English sunshine! After this well organised excursion we visited our English partners and friends Black Graf & Company. Their reception was exceptional. We were spoiled with wine and apéritifs and were taken around their offices. We spent the rest of the afternoon with them in a nearby Italian restaurant, combining good conversations with even more food and more wine... It was a wonderful experience getting to know our colleagues in England personally



and we would like to thank them once again for making us feel so welcome. Being back at our desks now, we would like to thank the associates and staff of Black Graf & Company for a wonderful weekend that will be remembered for a long time to come!



Personnel Balms Abogados, Marbella



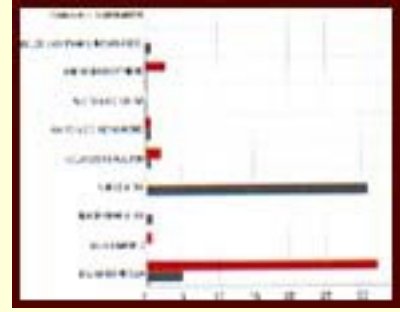
BGI REFERRALS



1996



1997



1998

As you all see the exchange of cases received and cases referred from 1996 has been increasing year by year. At the beginning it was mainly made between Marbella and Gibraltar but in the following years we have had an increase of them between the new members.

We would like to take the chance to kindly remind you to send us the cases still outstanding in order to control and update them.

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PUBLICATIONS ON BALMS GROUP INTERNATIONAL

SUR, a local daily newspaper, distributed within the province of Málaga, published the following article on May 12th 1998 on B.G.I.'s first annual Congress:



A congress of lawyers visits the Engravement Museum

The 27 lawyers that participated this weekend in the 1st Worldwide Congress of the Association Balms Group International, visited the Museum of Spanish Contemporary Print yesterday. The associates, their companions and guests arrived in Marbella on Saturday and stayed at the Golf Hotel Guadalmina where on Sunday they held different conferences. Juan Luis Balmaseda de Ahumada founded balms Group International in 1996. With only 1 years' existence they have associates in Madrid, London, Gibraltar, Vienna, Hong Kong, Beijing, Budapest, Buenos Aires, Santiago de Chile and Bogotá.



«EXPANSIÓN», an important Spanish paper covering the financial business world, placed an article on Balms Group International on December 1st 1998: Balms Group International strengthens its expansion outside Europe The international network of Lawyers, Balms Group International, has initiated discussions with Law firms in Bolivia, Mexico, Ireland, United States, the Philippines, Australia and New Zealand. Balms Group International - the first international network of Spanish origin - expects to finalise agreements of alliance before the end of 1999.

The organisation has also made it public that they are talking to new European offices in Germany, Ireland and the Czech Republic. Balms Group already has offices in Madrid, Marbella, London, Gibraltar, Vienna, Hong Kong, Beijing, Budapest, Buenos Aires and Bogotá.

Celebrated Balms Group International Congress As we announced in the last edition of our magazine the first congress of the lawyer firms group was celebrated from the 9th to 11th of May, made up of medium sized firms from around the world united under one corporative image



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NEW BGI SECRETARY



I would like to introduce myself to all of you, my name is Ana Isabel Sampedro and I have recently joined Balms Group International, as secretary of the organisation. I have the Degree of English Philology by the University of Málaga.

As you all know, Miranda has gone back to her country due to health problems. In the past few days I have had an inestimable help from her to catch up and be able to carry out this function in a responsible and efficient way. From here and with these words I expect and wish her a prompt recovery and hope that we shortly count with her collaboration in B.G.I.

Yours sincerely,
Ana I. Sampedro
Balms Group International
Secretary