

PACIFIC ALLIANCE LAW FIRMS MUST WORK TOGETHER TO LURE INVESTORS

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Partnership between the legal sectors in the four countries that make up the Latin American trade bloc is vital if the alliance is to reduce business risk and attract investment

Law firm growth in the Pacific Alliance countries will not necessarily be driven by the treaty signed by the alliance members – namely Chile, Colombia, Mexico and Peru. Rather, the will of the legal sector in each country to work in partnership to mitigate commercial risks and make the trade bloc as appealing as possible to investors, could be crucial, attendees at a recent Iberian Lawyer event heard.

"The key driver for growth in law firms might not be the trade treaty itself, but the legal sector working together to make the country much more attractive for investment and to help manage the risk," said Jaime Carey, partner at Carey in Chile and one of the panellists at the event, which took place at the IBA annual conference in Vienna. "There are also great opportunities for law firms in sectors which used to be country-only and now we see the benefit of going regional, such as electricity or gas interconnectivity between two or more of the neighbouring countries."

There was a view among attendees that the current economic climate might not be as positive as hoped and there are clear signs of a slowdown and a slump in prices, however, participants did highlight some promising opportunities. "Low prices make certain sectors more attractive to foreign investors that are expanding their business throughout the alliance," said Martin Acero, partner at Philippi, Prietocarrizosa & Uria in Colombia. "Law firms, whether local, regional, or global, can capture these opportunities if they can adapt to the new reality and service these new clients who have

increasingly sophisticated needs."

The event panel discussed the findings of a recent survey by Iberian Lawyer that showed 83 per cent of law firm partners in the trade bloc expect their firm to grow next year. Besides regulatory changes and new service lines, participants highlighted growth drivers such as the ongoing evolution of existing economic ties between the country members, the advance of the middle class and the arrival of new clients with new ways of conducting legal business in the region.



Too much complaining

"The survey might look a tad optimistic to some but sometimes we like to complain too much, the progress is evident and so are the possibilities," remarked one participant who highlighted that the four countries combined represent the eighth biggest economic power in the world and contribute 38 per cent of Latin America and the Caribbean's total GDP.



The panel agreed the Pacific Alliance in its current form amounts to the "political packaging" of pre-existing private sector initiatives. "Some of our countries were already open and the business sector has been expanding beyond our borders for years," said Carey. Meanwhile, Juan Francisco Guti'erre, partner at Philippi, Prietocarrizosa & Uría in Chile said the Pacific Alliance had followed the "reality that the private

sector created when making strong cross border investment - it was a natural market to expand to as those markets had similar legal frameworks and business environments".

The event heard the perceived benefits of the alliance are different for each country. Daniel del Rio, partner at Basham, remarked: "For a country like Mexico, which has not looked south traditionally, being invited to join the Pacific Alliance after the original group was a great opportunity to play a larger role in the Latin American economy and gain a different perspective." Another attendee commented: "The private sector in Chile had already shown an interest in expanding to Peru and elsewhere, the hope is that the treaty sets out a level playing field, lowering customs duties and other taxes."

Participants said Peru is already showing strong political will with the government developing PPP for much-needed investment in infrastructure. "The country has already low custom duties and a free trade agreement with many countries, the key factor now, which is quite new, is fostering trade with Mexico," said Luis Carlos Rodrigo Prado, partner at Rodrigo, Elias & Medrano.