

WAVE OF FOREIGN FIRMS SET TO FOLLOW URÍA'S LATIN AMERICAN LEAD

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Market insiders say track record of cross-border firms in Central America bodes well for Uría Menéndez's new Chilean-Colombian venture

Uría Menéndez, which recently acquired a stake in a Latin American law firm spanning Chile and Colombia, is likely to be the first of a wave of European, US and Asian law firms looking to forge stronger links with the Pacific Alliance countries.

Law firms Philippi and Prietocarrizosa, of Chile and Colombia respectively, announced a merger, the first of its kind in Latin America between two firms that are leaders in their respective countries. The combined revenue of the firms is understood to be around \$50m (€40m).

Uría Menéndez – with revenue totalling €185.5m in 2013 – acquired a 30 per cent stake in the new

firm, which will operate as Philippi, Prietocarrizosa & Uría from 1 January, 2015. It is set to be one of Latin America's leading firms, with offices in Chile and Colombia, and – via the Uría link – a network of 530 lawyers across Latin America, Europe, Asia and the US. The agreement sees the new merged entity taking a minority stake in Uría Menéndez under what has been described as a “stake-swap”. Uría Menéndez said the move was “a major milestone” in its international strategy. The merger highlights law firms' interest in the member nations of the Pacific Alliance – comprising Chile, Colombia, Mexico and Peru – which is considered the world's eighth-largest economy. “Many multinationals view the countries of the Pacific Alliance as a new and distinct legal market where added-value legal advice is required, and the merger is a response to the needs of clients in the process of expanding their business in the region,” according to Martin Carrizosa, a member of Prietocarrizosa's executive committee.

He adds: “Firms from around the world are becoming more interested in Latin America firms. I think we'll see more initiatives like ours in the future.”

The creation of the new law firm may set a precedent for other firms to join forces and bolster their regional presence in order to better operate within a transnational, and even transcontinental, context.

Juan Pablo Cervantes, counsel at Galicia in Mexico City, says: “Foreign law firms' interest in the [Pacific Alliance] region will grow, and it is likely that US, Asian and European law firms will seek to forge links with the member nations.”

But he adds that there are issues in setting up a cross-border law firm, particularly in the sense of ensuring that each office has local expertise.

“The challenge is to achieve a fusion between law firms that are leaders in their respective markets, and assure the existence of a level of knowledge that guarantees a single vision and business strategy,” Cervantes says.

Juan Paulo Bambach, a partner at Philippi, says: “Chile is already part of international trade and such an alliance was not only necessary but represented a vision of the future in terms of our market.” He added that further expansion was not ruled out and that Peru, Mexico and Ecuador are the priority targets.

Meanwhile, UK law firms are also showing a greater interest in potential opportunities in Latin America. Former Allen & Overy global capital markets partner Stephen Denyer, quoted in a recent report by London-based MD Communications, said: “We have noticed M&A work [in Latin America] increasingly involves outward investment, and many deals involve an English law element.”

Will Philippi, Prietocarrizosa & Uría be a successful venture?

Juan Pablo Cervantes, counsel at Galicia in Mexico City, says Philippi, Prietocarrizosa & Uría is likely to be successful. “We think the idea of creating an Ibero-American office is a good one because there are law firms that have created similar alliances in Central America that have been successful.” He cites the examples of firms such as Arias & Muñoz, and Consortium.

Arias & Muñoz currently has eight, fully integrated offices in six countries: Guatemala; El Salvador; Honduras; Nicaragua; Costa Rica; and Panama. Meanwhile, Consortium has 10 offices in five Central American countries: Guatemala; El Salvador; Honduras; Nicaragua; and Costa Rica.