

83% OF PACIFIC ALLIANCE PARTNERS EXPECT THEIR FIRM TO GROW IN COMING YEAR

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Which of the Pacific Alliance countries has the most potential?

Partners at law firms based in the Pacific Alliance countries were asked to identify which of the four members of the trade bloc – namely Chile, Colombia, Mexico and Peru – offered the best growth opportunities

31%	Colombia
26%	Mexico
26%	Peru
17%	Chile

Methodology: A total of 50 partners at selected leading law firms based in Chile, Colombia, Mexico and Peru participated in the research, which was conducted via an online survey in August-September 2015

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A new study reveals majority of lawyers in the trade bloc believe regulatory changes, new service lines and a 'more positive outlook' will lead to law firms expanding

Opportunities for law firms in the Pacific Alliance countries – namely Chile, Colombia, Mexico and Peru – are booming with new research showing that 83 per cent of law firm partners based in the trade bloc expect their firm to grow in the coming year.

The rise of the Pacific Alliance countries – which have been dubbed 'The Pacific Pumas' – is clearly exciting investors and law firms alike. 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 alliance is also responsible for 50 per cent of Latin America and the Caribbean's total trade and attracts 45 per cent of its foreign direct investment.

A new study conducted by Iberian Lawyer showed that four out of five partners in the Pacific Alliance anticipate that their firm will grow in the coming year. And this growth will not be insubstantial – the majority (52 per cent) of partners expect their firm to grow by at least seven per cent in the next 12 months, with 18 per cent of all partners anticipating growth of at least 10 per cent. What is driving this growth? Not fee rises apparently – none of the participants identified bigger fees as a contributory factor. Instead, more than a third of respondents (39 per cent) highlighted "regulatory changes", with 27 per cent of survey participants saying "new service lines" were stimulating growth and 27 per cent claiming "a more positive outlook" was responsible. Other factors highlighted by respondents included "infrastructure investment", the greater presence of "multijurisdictional clients" and the potential for more litigation.

The majority of respondents expect investment from outside the Pacific Alliance to be the main

generator of business. A total of 56 per cent of participants said they anticipated that most of their law firm's growth would be generated by business from regions outside the Pacific Alliance. Corporate and M&A was the practice area most frequently identified as having growth potential in the coming year – 60 per cent of respondents expect this type of work to increase in the next 12 months. A total of 54 per cent of participants anticipate growth in projects and infrastructure, while 45 per cent are expecting an increase in dispute resolution work. These findings are not surprising, given that free trade and investment form the core of the Pacific Alliance, while research shows that all four countries are in need of infrastructure improvements to fully capitalise on their commercial potential.

New competitors arriving

The overwhelming majority of respondents (87 per cent) expect more international law firms to open in the Pacific Alliance countries in the next 12 months. Furthermore, around a quarter (23 per cent) of the participants in the survey view the entry of new players into the legal market as the “biggest challenge or risk posed by the Pacific Alliance in the market where you operate”.

But the majority of partners in the Pacific Alliance do not see new players entering the legal market as the most significant threat to their business – all countries in the bloc already host international law firms, particularly Colombia and Mexico. Baker & McKenzie has had a presence in the four countries for decades, while DAC Beachcroft is present in Chile, Colombia and Mexico. Garrigues, Uria Menendez and Littler Mendelson are all in Colombia, Mexico and Peru, while DLA Piper has an office in Mexico City and a relationship firm in Bogota. Holland & Knight boasts a presence in Colombia and Mexico while Greenberg Traurig, Hogan Lovells, White & Case and Jones Day are all in Mexico City.

The majority of participants in the survey (54 per cent) believe the biggest challenge for the Pacific Alliance's legal markets is “bridging the gap between joint regulation and the local reality and culture of implementing it”. This shows that, despite the four countries' efforts to harmonise regulations, there is still a long road ahead.