

BRAZIL AND THE PACIFIC ALLIANCE MOST ATTRACTIVE REGIONS FOR LATIN AMERICAN INVESTMENT

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Total value of M&A activity in Latin America predicted to be \$108 billion in 2018, with a significant proportion taking place in Brazil and the Pacific Alliance countries

Brazil and the Pacific Alliance countries – namely Chile, Colombia, Peru and Mexico – are Latin America's investment hotspots, data shows.

Figures from Mergermarket show Brazil was the scene of 11 of the 20 largest deals in Latin America in the year to November 2017, with the 11 deals having a total value of more than \$15 billion. While it is expected there will be considerable M&A activity in Brazil in the coming year, political uncertainty in the country is causing some doubt, according to Alexandre Bertoldi, managing partner at Pinheiro Neto in Brazil. He says: "The economy is doing well and the indications are this trend will continue in 2018, but what will happen after the presidential election [in October 2018]?" Bertoldi adds that, while it is possible Brazil could be heading for a period of growth, there is still concern that the country

"might stay in this limbo we have been in over the past few years".

Overcoming such uncertainty, which is often the biggest deterrent to investment, is a major challenge facing law firms, says Jaime Trujillo, Latin America chair at Baker McKenzie. "Brazil's economic slowdown and political crisis, new regulatory frameworks aimed at boosting the economies of Brazil and Argentina, as well as upcoming elections in Chile, Colombia and Mexico, and the renegotiation of the main trade agreement between Mexico and the US, have contributed to the lack of clarity in Latin America's business environment," he says.

However, Trujillo is confident 2018 will be a positive year for Latin America in terms of economic growth. Baker McKenzie published a global transactions forecast that estimated a 15 per cent increase in M&A activity in Latin America in 2018, with the total value being more than \$108 billion. The study, carried out in conjunction with Oxford Economics, says 80 per cent of M&A activity in Latin America in 2018 will take place in Brazil, the Pacific Alliance countries and Argentina.