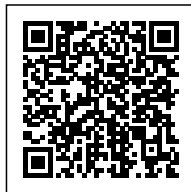


PACIFIC ALLIANCE'S POTENTIAL 'NOT FULLY EXPLOITED'

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Clients are already benefitting from the creation of the Pacific Alliance trade bloc, but its potential has yet to be fully realised, according to the leader of Baker & McKenzie's energy law practice in Colombia.

The firm's Bogotá-based partner Alejandro Mesa acknowledges that the trade bloc – which consists of Colombia, Chile, Mexico and Peru – is “still a work in progress”, but he adds: “Clients are starting to see the benefits, but the potential of the Pacific Alliance has not been fully exploited.” As an example, Mesa highlights how the capital markets of Colombia, Peru and Chile are working towards integrating, though “full integration” has yet to be achieved.

José Roberto Martins, partner at Trench, Rossi e Watanable – Baker & McKenzie's associated firm in Brazil – agrees that the integration of Colombia and Chile and Peru's capital markets would create a considerable number of opportunities, and, as a consequence says he is “very excited about the

Pacific Alliance" as the four economies in the trade bloc are "even more attractive together".

Meanwhile, Mesa says that Colombia's 4G road infrastructure programme will create significant investment opportunities. The 4G programme aims to generate investment of around \$47 billion in order to complete a total of 40 projects that will include work on more than 1,300 kilometres of dual carriageways, 125 kilometres of tunnels and 146 kilometres of viaducts.

Elsewhere, Mexico is a market that is experiencing a major increase in investment. Baker & McKenzie's Mexico City-based partner Benjamin Torres-Barrón says: "Investment [in Mexico] has clearly increased by a significant amount, the country used to rely a lot on US investment, but Latin American countries are investing in Mexico and it is also a natural market for Spanish companies, who realised they had to go abroad to survive."

What challenges do investors face when investing in Latin America? Torres-Barrón highlights difficulties experienced in the real estate sector. "In the real estate market, there are access to land and rights of way issues because of Latin American countries' indigenous laws," he says. Meanwhile, labour laws can also pose challenges for investors, according to Martins. "Labour can be very costly because there are lots of applicable mandatory rights," he adds.

Overall, opportunities in the Latin American market have driven considerable growth at Baker & McKenzie in the last year. The firm's Latin American offices have experienced total growth of 20 per cent in the last 12 months, according to Martins.

Torres-Barrón says that, because Baker & McKenzie is a full-service firm it is not dependent only on transactional work, and that, in some Latin American countries, its litigation work is on the increase. He adds that legal market competition is increasing: "Many small and mid-sized firms are opening in Mexico, often as a boutique or as a full-service firm backed by a foreign firm." Martins says that increased competition in Latin American legal markets is welcomed, though he adds: "Competitors often have a different model – we are truly local. It's hard to have a small presence in the region – Baker & McKenzie has 700 lawyers in Latin America."