

Horacio Beccar Varela: "Investors are coming in as strategic partners to improve Argentinian competitiveness in entire sectors"

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Interview with Horacio Beccar Varela, Managing Partner at Estudio Beccar Varela.

Leaders League. How do you view the Argentinian legal market and which sectors do you think will be more reactive or relaunch first?

Horacio Beccar Varela. I believe that the Argentinian legal market will see major developments. There are crucial laws that the government is preparing related to large PPPs (public, private partnerships) because the country is in need of infrastructure. The government is launching the Belgrano Plan that will require the investment of between \$16 and \$23 billion. This represents a very important amount to Argentina. The idea is to develop the northern part of Argentina. We believe that with the logistic improvements produced by this series of projects, Argentinian economic competitiveness will increase, in this sense the possibilities for the legal market are very large. Thanks to the Belgrano Plan, we think that infrastructure will be the area most developed. Another sector of activity that will flourish in the coming months is the renewable energies with a new regulatory framework that stating that for 2025, 20% of the Argentinian energy matrix must be renewable. Today we are not only starting from zero but also shouldering an important increase in demand, all this represents a huge investment project for the country.

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Leaders League. And the transactional market?

H.B.V. I think that there will be many M&A operations as there are many opportunities developing in the country. Argentina was very isolated from international trade in past years –it must have been one of the few countries that decreased its exports and imports. Now, strategic investors are coming to develop markets that as a consequence of previous policies, did not have access to certain international markets. These investors are coming in as strategic partners to improve Argentinian competitiveness in entire sectors, as an example the meat market that in Argentina is a very large industry, as in general is the agricultural sector. I think that the coming years are going to be very good for the economy and therefore for the legal market. Let's hope so as this last fact is a condition for economic growth.

Leaders League. With this economic improvement, do you believe that we will see international law firms opening offices in Buenos Aires?

H.B.V. Today, the subject of foreign competition is a lateral subject in Argentina. Baker & McKenzie opened an office many years ago after buying out a local law firm. They are now treated like any another Argentinian law firm. Cleary Gottlieb also have offices here but they do not work with Argentinian law. Curtis is here to. There are plans for other law firms to come but, sincerely, I do not know how it is going to be for them right now, I do not think it is a good time. Maybe in two or three years it will be more feasible, depending the degree of consolidation that they have in the world. I think Argentina has very strong local players so they will have a very strong competition.

Leaders League. Do Argentinian regulations allow for the opening of foreign law firm offices?

H.B.V.: The regulation is almost identical to the one of Brazil, law firms cannot operate however when the foreigners come they are very original and if the service offered is better than the one provided by local law firms, the barriers will not work and will only delay the process. There are several implementation patterns regarding the level of market maturity of the local law firms. In Europe few, if any, top level law firms that are just local or national, however, in Mexico there are many top tier Mexican law firms. What's more, in countries such as Chile there is almost no external competition. International firms are just now arriving in Peru and Peru has an economy that was consolidated many years ago. Argentina has the attraction of being larger economy than the Peruvian or Chilean ones and the disincentive that profits in Argentina are very low and we are fairly new. I think this is something we have to observe and see what happens in the next two or three years.

It will be difficult for these law firms if they want to operate here because the legal market is dominated by local law firms. If you compare the lead that the large local law firms have on the Argentinian legal markets with the penetration local firms usually have it is huge. The same happens in Uruguay, Chile and Peru. Still, what may happen is that the legal work will increase and there will be space for everyone, including global law firms.