LATIN LAWYER

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Latin Lawyer Elite 2020
Surviving and thriving in crisis

The day after the day after
The future of Vaca Muerta

LATIN LAWYER

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Welcome

In the first six months of 2020, the world has become a very different place from what it once was. This paradigm shift is evident in the contents of our latest quarterly magazine, as well as its new, digital form.

The pandemic and its associated disruption to normal business have precipitated a conversation about how law firms can adjust to survive. In Latin America, in addition to the coronavirus, firms also have to contend with an added threat of severe economic decline. We hear from the managing partners of Latin Lawyer Elite firms – the leaders in their field – about the profound changes the crisis has brought to their firms and what they are doing to remain at the peak of their markets.

This issue is also an opportunity to recognise the multitude of achievements by these firms. Each Latin Lawyer Elite firm's exceptional strengths are detailed on these pages.

Declining macroeconomic prospects spell doom for almost all companies but some are uniquely positioned to weather the storm. Start-ups – fuelled by venture capital – have been resilient to negative circumstances in the past. Consequently, the Latin American venture capital scene has gained momentum during the past decade. We asked partners dedicated to the sector about the opportunities that lie ahead.

Reflecting the changed world we now live in – where working remotely has become the norm – we have observed a diminished value in producing hard copies of our magazines. Instead, this issue – and those to come – will be published online only, making it accessible to a far broader audience. We hope you enjoy the read.

Lulu

Lulu Rumsey
Editor

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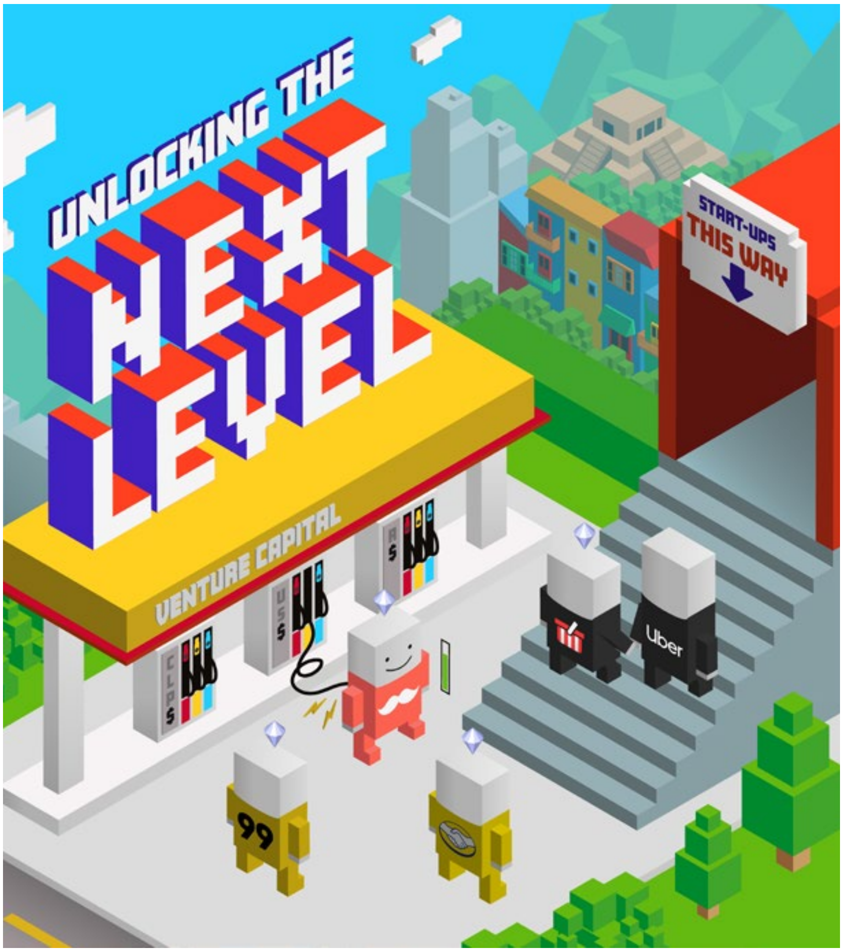
CONTENTS

STRATEGY

COVER STORY



REGULARS

Cristián Conejero Roos and Gianfranco Lotito

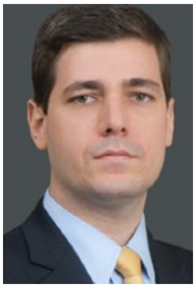
INTERNATIONAL

Cristián Conejero Roos left Philippi Prietocarrizosa Ferrero DU & Uría (Chile) (PPU) to return to Cuatrecasas and lead its new Santiago office, completing that firm's sweep of all four Pacific Alliance countries. Conejero was partner at Cuatrecasas between 2007 and 2013 in its Paris, Madrid and then São Paulo offices, before going to PPU. Former PPU senior associate Gianfranco Lotito has also moved with Conejero, becoming partner at Cuatrecasas. He focuses on litigation, corporate reorganisations and insolvency.

Ignacio Sanz

1 ARGENTINA

Zang, Bergel & Viñes Abogados has hired Ignacio Sanz, a former independent consultant to the federal ministry of transport, to head the firm's public law and compliance practice areas. Focusing on government affairs, internal investigations and compliance, new partner Sanz replaces Emilio Battioli and Karina Kucyk, who left the firm for new projects in early 2020. They formerly led the public law and compliance departments, respectively. Sanz brings the firm's partner count to 11.

Alexandre Chequer and Victor Galante

2 BRAZIL

Alexandre Chequer has become the head of Mayer Brown's global oil and gas practice. He formerly led Brazil's Tauil & Chequer Advogados (which operates in association with Mayer Brown), the firm he helped found in 1992. Partner Victor Galante has taken over as managing partner at Tauil & Chequer following Chequer's move. In his new role, the latter will collaborate closely with Mayer Brown's European and Asian hubs and further expand the firm's oil and gas expertise.


Juan Pablo Schwencke and Luis Aninat

3 CHILE

After nearly 15 years, the four partners of Aninat Schwencke & Cia have parted. Juan Pablo Schwencke now leads Schwencke & Cia, with former Aninat Schwencke directors Francisco Prado, Bárbara Neyra and Andrés Sepúlveda joining the partnership. Meanwhile, Luis Alberto Aninat, Manuel Blanco and Rodrigo Ugarte have launched Aninat Abogados, which counts five partners, after former Aninat Schwencke directors María Eugenia Sabbagh and Martín Mois were promoted. Aninat has 15 lawyers in total.

Manuel Romoleroux

4 ECUADOR

Aguilar Castillo Love has strengthened its office in Quito by hiring a senior lawyer from the Ministry of Energy, taking the partner count there to four. Manuel Romoleroux helped to merge Ecuador's ministries of hydrocarbons, electricity and mining in 2018, creating one ministry in charge of renewable and non-renewable resources. He will share his insight with Aguilar Castillo's offices across Central America, including Guatemala, considered the only Central American country with oil potential.


Nora Morales and Enrique Ramírez

5 MEXICO

Mijares, Angoitia, Cortés y Fuentes SC has bolstered its tax offering by hiring two partners from EY Law (Mexico). Nora Morales – focused on litigation and energy matters – and Enrique Ramírez – a specialist in tax consultancy, controversy and litigation – take the firm's partner count to 19. The partners boost Mijares Angoitia's tax offering at a time when many companies are facing fiscal difficulties resulting from the covid-19 pandemic and are pursuing more efficient tax structures.


Joe Andrew and Fernando Jiménez de Aréchaga

6 URUGUAY

Global firm Dentons has completed the first virtual legal merger amid covid-19 travel restrictions, combining with Uruguay's Jiménez de Aréchaga, Viana & Brause. The firm now operates as Dentons Jiménez de Aréchaga. Dentons followed the opening with a combination with Argentine law firm Rattagan Macchiavello Arocena. Bolivia, Ecuador and Paraguay are the only other mainland Latin American countries where Dentons is yet to open.

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LATIN LAWYER ELITE SURVEY 2020

The fallout of covid-19 is indelibly altering how law firms operate and deliver their services. The managing partners of Elite firms reveal the profound changes the crisis has spelled for their firms and the adaptations they are undergoing to remain at the peak of their markets.

by **LULU RUMSEY**

At the beginning of 2020, Latin Lawyer had plans to assemble the managing partners of Elite firms at a meeting in São Paulo that coincided with our annual awards ceremony. But then the covid-19 pandemic spread across the world and everything changed.

It is difficult to articulate the extent to which day-to-day life has changed in the first half of 2020. The onset of the covid-19 public health crisis – triggered by a novel strain of coronavirus that emerged in China but spread rapidly through Europe and then the Americas – has led to hundreds of thousands of deaths globally, government-mandated lockdowns, travel bans, and the end of life as we knew it, at least for now.

In Latin America, fragile public health systems and high levels of poverty amplify the threat of the coronavirus. Prevented from functioning normally, businesses are suffering. Challenging government finances and high levels of informal employment limit these states' ability to protect the most vulnerable. As a result, the region looks likely to enter its worst economic slump since the 1930s.

The pressure this situation puts on corporates operating in the region extends to its law firms. Their immediate response, like businesses globally, has been to adopt remote working practices for all employees and rely on technology to maintain channels of communication within their organisations and with clients. These changes are unprecedented, but what firms do next is probably more fundamentally important to their trajectories. It is the long-term adjustments firms make to survive the effects of the pandemic – not the knee-jerk reactions that come in the immediate aftermath of any crisis – that will come to define how covid-19 shapes Latin America's legal industry.

On this point, there is consensus among the managing partners of Elite firms: it is those firms capable of balancing immediate survival techniques with a long-term perspective that are best placed to endure and even thrive in a much-changed world. After all, "it is relatively rare that you can have an event like this that doesn't shape lasting change", as Tony Williams of legal management consultancy Jomati Consultants points out.

A big challenge in any assessment of the long-term effects of the coronavirus is that nobody has a genuinely good sense of what the timeframe of this crisis will be, which is why law firms need to think about implementing lasting changes that will carry them through. It is no use making short-sighted emergency decisions for an indefinite period, says Jaime Fernández Madero of Fernández Madero Consulting. "Crises might lean you towards urgency, but that is when you can make bad decisions in the long term."

Latin America is projected to experience its worst recession for more than half a century as a result of covid-19. (Before the virus emerged, the International Monetary Fund had already identified the region as the slowest growing in the world.) These are troubling times. Our survey looks at the ways Elite law firms have adapted, and continue to adapt, to protect their long-term survival. A lot of the questions posed do not have definitive answers yet – but the themes discussed should be front and centre in managing partners' battle plans.

> If you stick by your client now, when they are down, they will remember you when they get back on their feet again.

Cash is king

A common characteristic of Elite firms is that they tend to be financially secure. Even so, the unique circumstances of the current crisis mean, like all businesses, law firms must tread carefully. Few firms have the reserves to ride out a deep crisis indefinitely, so adjustments need to be made.

There are two things law firms can do to protect their balance sheets: secure earnings and cut costs. Although all industries are affected by covid-19, the specifics of the pandemic and its associated lockdown measures put a significant strain on clients from certain industries more than others, with aviation, tourism, hospitality, entertainment and retail among the hardest hit. The tightening of budgets for legal expenditure by these clients is contributing to negative pressure on law firms' earnings. More than half of Elite firms report a reduction in billable hours since the start of the pandemic.

Jomati's Williams recommends that law firm leaders map out their cash flows for a range of situations "because even profitable businesses can fail if they run out of cash". Circumstances are changing constantly, making long-view projections difficult. Williams advises mapping out what the financial effects will be on a firm if billable hours drop by variable amounts (10%, 15% or 20%) and formulating contingency plans for each.

There is greater pressure on earnings, as clients seek to slimline their costs through a mixture of reduced and alternative fee arrangements. A proportion of firms told us they had already begun receiving requests for a reduction in fees and deferred or alternative payment structures, and close to 90% of respondents anticipated these requests would increase.

Firms are advised to be open to these conversations, within reason. Being flexible entails a certain amount of risk for collections, but demanding payment from clients who are simply unable to pay poses the greater threat of losing a client all together. Williams advises sensitivity. "It doesn't make you a soft touch – you don't necessarily have to agree to everything – but some clients are genuinely challenged and have no income coming in at all."

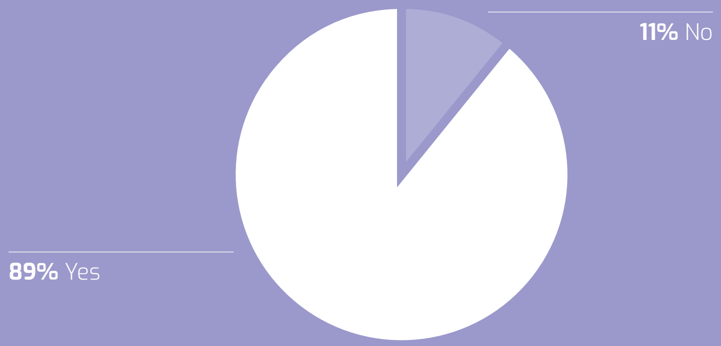
It's a good idea to initiate the conversation about payment sooner rather than later. "Most clients will welcome the fact that you're meeting their concerns and worries," says Williams. In the long term, this could pay dividends: if you stick by your client now, when they are down and struggling, they will remember you when they get back on their feet.

When it comes to cutting costs, law firms have several options. More than half of Elite firms have already made cuts to partner profit distributions, with a further 30% saying they are either likely or very likely to do so. Nearly two-thirds had implemented hiring freezes by April – a step that almost all the remaining firms indicated they were likely to take in the future too. Other options have so far proved less popular. Salary cuts for non-partner-level lawyers, lay-offs and freezing promotions to the partnership were all off the cards (for now) for a majority of respondents to our survey.

Don't be afraid

The lockdowns in response to the covid-19 pandemic force individuals into isolation and their patterns of behaviour can change as a result. In

Do you expect alternative and deferred fee arrangements or fee reductions to increase?



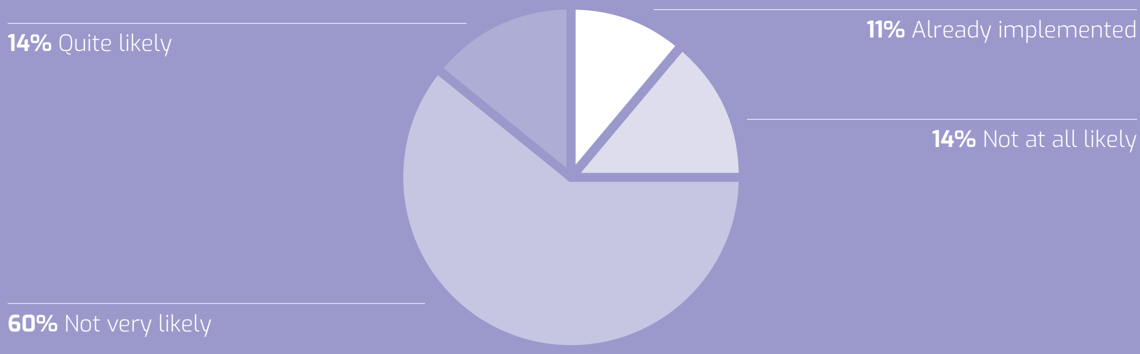
normal life, law firm leaders often discuss how to reduce individualism among fee earners and put various measures in place to foster team building and collaboration that frequently involve social interaction. A tendency towards individualism could become more pronounced with the absence of these types of activities to counter the genuine fear people have for their health and financial security at this time. “Uncertainty incentivises individualism,” says Manuel Galicia of Mexico’s Galicia Abogados. “Normally the way we react to uncertainty is by being afraid, and when you are fearful you do not react correctly. Fear is not a good friend of a well-behaved being.”

This poses a threat to client sharing and institutional ties. The aim of Latin Lawyer Elite is to recognise firms with the right foundations in place that are designed to make them stronger than the sum of their parts, but strict social distancing tests the ties that bind them – and it will be even more tough for those firms that already struggle to get their partners all on the same page.

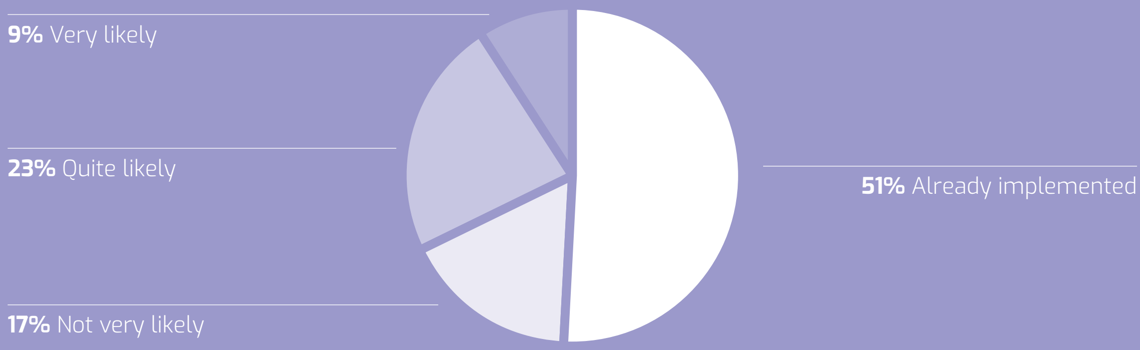
The separation of colleagues across all levels of a law firm’s hierarchy poses a broader risk to the collective identity of an institution. The closure of offices and the strict social distancing measures adopted by almost all Latin American states has made it impossible for colleagues to have in-person interactions. The relaxation of government lockdowns is unlikely to make these meetings easier, with many offices likely to remain closed for longer periods. When they do reopen, it will be under very different circumstances. It is likely they will have fewer occupants, with many employees continuing to work from home at least part of the time.

SHUTTERSTOCK.COM/ MENARA GRAFIS

How likely are salary cuts for non-partner-level lawyers?



How likely are cuts to partner profit distributions?



Like most companies, regular use of virtual platforms is now commonplace for law firms. Daily communications through Microsoft Teams or Zoom – besides being the most widely used way to communicate about work – serve two basic purposes that underscore collective identity; information sharing and social interaction. Both are critical in today's climate: staff have to be told what is happening within their organisation so they can feel a part of it, and they need to be in regular communication with those they work with so that they can continue to identify as a team.

The extent to which firms adopt any of the platforms that enable remote working to happen productively will help determine their market position going forward. "There is no doubt that technology is a differentiating tool to compete and be more efficient," says Santiago Carregal of Argentina's Marval, O'Farrell & Mairal. "If we add artificial intelligence, it is clear that the firm that combines these tools effectively will be the one that succeeds. This was true before, but it is more so now."

Carregal has put together video clips for his firm of more than 300 people, the aim of which is to deliver a more personal message than an email.

In Brazil, TozziniFreire Advogados is live streaming addresses from Fernando Serec to the entire firm twice a month. These are intended to be a source of clarity at a time when people are desperately seeking answers. The idea was to be completely up front with everyone about how the firm is addressing the crisis, says Serec. "It's very important to say to people what we plan to do and not to create more anxiety for them than they already have."

Most Elite firms are using virtual platforms as a means of social interaction – whether it be for team meetings, coffee breaks or happy hour on a Friday. Mexico's González Calvillo, SC has set up an internal campaign called Del Diario de GC (From the GC Diary), in which staff – legal and non-legal – participate by sharing a photo of themselves and one lesson they have learned during quarantine.

Undoubtedly something has been lost from the lack of physical interaction – virtual hangouts lack the spontaneity that comes from bumping into a colleague in the corridor or seeing a client while out for lunch, for example. Remote working also has repercussions for how lawyers build relationships with existing clients, network and win new business. But some exchanges may have become more meaningful than they once were. There is a difference between someone making idle chit-chat to fill the silence in a queue for the elevator and someone reaching out by phone or email for a catch-up. Communications between colleagues have the potential to be more intentional, thoughtful and proactive.

This transfer of agency – from letting interactions occur naturally to actively seeking them out – manifests in other ways too. Jaime Herrera of Colombia's Posse Herrera Ruiz

AT HOME IN A CRISIS

Covid-19 is expected to trigger the biggest economic crisis in Latin America since the 1930s, according to the UN. But although the magnitude of the looming crunch is practically unparalleled, Latin America's law firms probably have more experience of operating in crises than peers from elsewhere in the world. Some of the lessons learned from these localised experiences bear repeating here.

Two decades of boom and bust economics in Argentina – which is battling covid-19 at the same time as a worsening debt crisis – has spurred the development of a pool of legal talent known for its ingenuity. "Crises can have the effect of making people very creative, because you really need to think outside the box," says Jaime Fernández Madero of Fernández Madero Consulting. "When people meet Argentines in working conditions, they normally say they tend to be faster to find solutions."

Nicaragua has been in the throes of an economic and political crisis since 2018, a situation that has forced law firms there to think conservatively about their expenditure. Chile was rocked by social protests towards the end of 2019, some of them violent. Many firms allowed lawyers to avoid dangerous commutes to work – giving them a test-run of lockdown under covid-19 – and some invested heavily in system updates to allow for a smoother remote working experience. That has paid dividends now. "Back in October, we thought we might have to work remotely on a broad scale again, so we increased our investment in hardware and software and provided everyone – not only lawyers, but also the assistance staff – with everything they needed to be able to work to the same standard at home," says Cariola, Díez, Pérez-Cotapos' Juan Pablo Matus. "We were lucky, because it prepared us."

Venezuela's painful economic and political crisis has engulfed the country for the best part of a decade, with spells of heightened tension within that period. How has this shaped the legal market? In the first place, lawyers were forced to interact virtually with international clients a long time ago. It is rare for clients to travel to Caracas because of security concerns, and reductions in carriers servicing the country during the past few years has further isolated Venezuela. The upshot is that lawyers are probably better accustomed to maintaining strong connections and regular dialogue with clients without face-to-face interaction. "The reality of many foreign clients not coming to Venezuela means we have been working remotely like this for several years," says D'Empaire Reyna Abogados' Fulvio Italiani. "We have been living in a crisis all these years, and this is just another one."

> "There is no single question that can be addressed by one single lawyer; clients are not asking specific questions, they're asking for help managing a crisis."
> – Manuel Galicia, Galicia Abogados

reports a greater level of engagement from younger lawyers that marks a departure from the typically more passive mindsets of the past. This could be a symptom of people observing the crisis around them and recognising the need to safeguard their position.

"Many junior associates were good at their work but they weren't thinking about the future," he says. "Today they are. They're more engaged with being in touch with clients and at looking at ways to best perform as individuals, as teams and the firm as a whole. They're maturing faster."

Living by your values

Upholding a sense of connection goes deeper than the medium through which firms communicate. Crises are an opportunity for firms to practise what they preach, suggests Jomati's Williams. "It's a real test of what our ethics and standards are and whether we are prepared to live up to them. It is during difficult times that you can learn a lot about people and how they behave; some of that is good, but some of it is quite ugly."

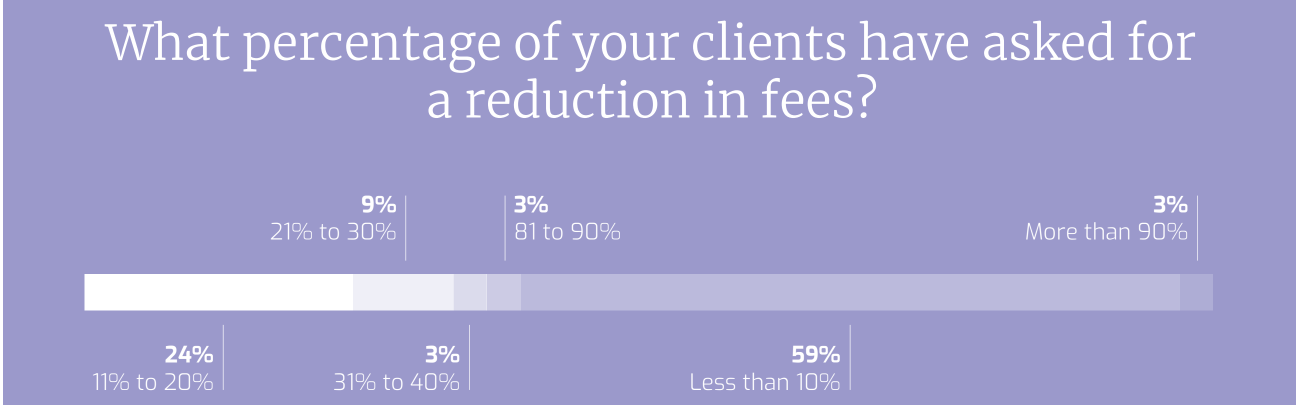
This is why some firm leaders believe it is so important that partners are the first to absorb any financial hit that covid-19 spells for law firm revenues. "They are the ones who own the business and earn most from it, and therefore it is appropriate they should be the first to face the pain rather than firing lots of junior people who will struggle to get a job," says Williams. "Redundancies should be the last option," he adds.

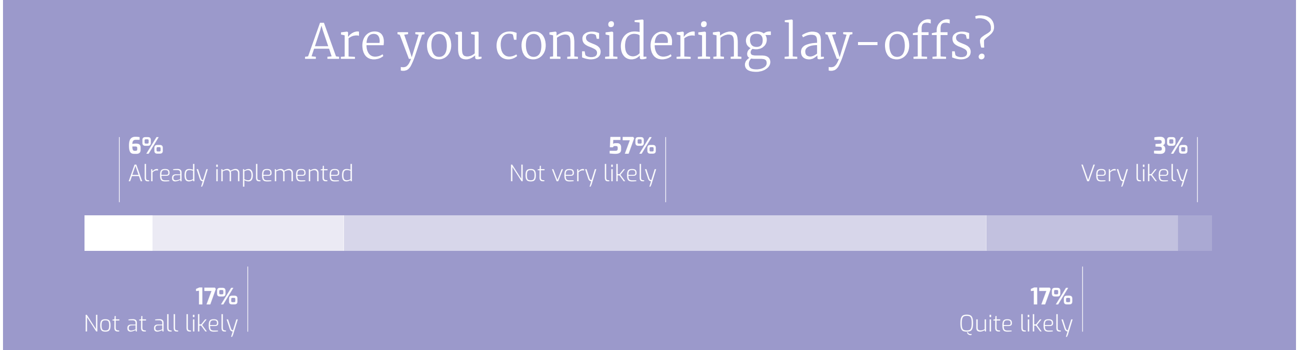
It's a powerful, put-your-money-where-your-mouth-is example of partners living the values of teamwork, fairness and collaboration that their firms' branding espouses. Argentina's Marval, O'Farrell & Mairal is one firm that made cuts to partner distributions during the crisis; Carregal described the move as building a sense of belonging and security, the equivalent of sailing a sturdily built boat through troubled waters. Everyone – from the top to the bottom – needs to understand how serious the situation is and be willing to make changes to adapt. "This is an evolving, war-like situation and we cannot afford to lose time thinking about individual concerns," says Fernández Madero.

What this means is that law firm leaders must send a clear message about what is expected of partners; they must also demonstrate strong leadership that is capable of bringing everyone together on the same page. "Firms can make all kinds of operational arrangements but that is not going to work if people do not really understand the situation. The need to be able and willing to change and adapt has become much, much bigger."

Another way firms can put their shared values into practice is in how they look after their employees' mental health. Almost all Elite firms have given some thought on how to do this. A few have hired therapists or psychologists who are available to talk remotely to people who could be struggling. Chile's Carey is one of these firms and managing partner Jaime Carey describes the move as "very much appreciated, because a lot of people need comfort right now".

Other firms have created virtual support groups that people are invited to join as and when they feel like it. Brazil's Machado Meyer Advogados has put together a multi-pronged initiative to protect the emotional health of their staff, making available resources





on healthy working habits and meditation. Building these types of initiatives into the fabric of an institution creates a shared experience for all, and that is a fortifying thing for any business that is physically divided.

Collaboration is more important than ever

Clients will ultimately suffer if firms fail to foster togetherness. A recent poll by the Latin American Corporate Counsel (LACCA), which is affiliated to Latin Lawyer, asked in-house counsel which business risks resulting from covid-19 they were most concerned about. Some of the most common fears they put forward centred on economic instability and civil unrest in the markets in which they operate; the fall in consumer and business spending producing a recession; and their ability to fulfil contractual obligations (as well as their suppliers' ability to meet theirs). But recurring feedback from general counsel is that the problems companies are facing and the legal solutions these issues demand are extremely broad.

In a crisis of this kind of magnitude, firms need to look at the bigger picture. This crisis affects every area of business and touches on multiple areas of law, and so firms need to ensure their legal advice addresses all aspects – and that requires collaboration. As Galicia puts it: "There is no single question that can be addressed by one single lawyer; clients are not asking specific questions, they're asking for help managing a crisis. We have to look at what they are asking for, and the questions they are asking show that they are looking for integral solutions."

This is exemplified by the responses of Elite firms about which practice areas they are funnelling resources into in response to the crisis. No firm identified a single area of law and almost all spoke of putting together multidisciplinary covid-19 desks designed to pool resources from a broad spectrum of legal practices.

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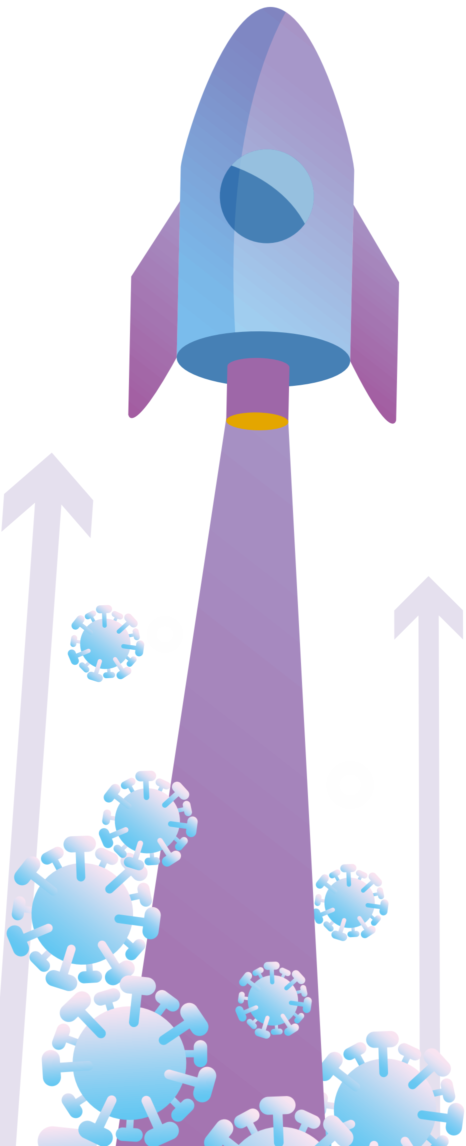

This resourcing takes the long-term view that while there are areas experiencing heightened demand now – labour and employment is one – there will be others in the hot seat as the different stages of the economic crisis triggered by covid-19 unfurl. Restructuring and insolvency work, as well as distressed M&A, is expected to move centre stage further down the line, for example.

With most firms not hiring, they are in the tricky position of needing to move quickly to meet evolving client demand while relying solely on the resources they already have. This would be an easier task in normal times, but remote working makes the training of junior lawyers significantly harder and a more drawn out and less valuable process than if lawyers had the opportunity to work alongside each other. This puts huge pressure on more experienced partners and associates and the need to build up the skills of those lower down to ease that stress.

The multifaceted character of the problems clients face would appear to give full-service firms an advantage over those with a smaller practice area repertoire – but only if they are able to assemble their troops. Even in good times, no client wants to feel their needs are not being addressed as quickly and smoothly as possible on account of dysfunctional relationships between partners.

‘A crisis is a terrible thing to waste’

Stanford economist Paul Romer is credited with the above quip. He was referring to the US’ ability to compete with improving education systems across the world, but his message feels especially relevant today. This crisis tests firms’ ability to recognise that the rules have changed and there are opportunities to be had.

With this comes the need for managing partners to look ahead and think about what they want their firms to look like when this is all over. It is those law firms capable of making meaningful, lasting changes to adapt to the new normal that stand the best chance of thriving.

“It’s a balance – of course you have to have short-term thinking but it is also fundamental to think about the period after a crisis and what comes next and how you can prepare,” says Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados’ managing partner José Eduardo Carneiro Queiroz.*

In rapidly disrupting the status quo, covid-19 has spurred inventive problem-solving among law firm leaders. Central American law firm BLP created an automated WhatsApp bot. Clients can chat to the bot using the instant messaging platform, requesting immediate information and resources on how covid-19 is affecting their market and sector. The bot is in addition to a covid-19 helpdesk staffed by human beings 24/7 and came about after BLP established a taskforce focused on finding new opportunities within the crisis. “That taskforce led the charge, working with the marketing committee in producing newsletters and video capsules and thinking about how we needed to innovate how we delivered content to clients,” says managing partner Luis Castro.

The upheaval of adapting to life under covid-19 has forced law firms to do things differently. That has fast-tracked some big changes that might otherwise have been some way down the line. “Everyone is adapting to a new world, so in a sense innovation has become an obligation as opposed to a luxury or something you can leave for later," says TozziniFreire's Serec. A few months ago, it would have been difficult to imagine a reality in which all firms had made remote working available to their entire workforce – yet here we are.

Most firms will be questioning the necessity of having large offices that are expensive to rent and maintain now that they have evidence that working outside the office does not necessarily affect output (two-thirds of Elite managing partners told us that productivity had not dipped since covid-19 emerged). In the past, the expansion of a law firm's physical presence was often interpreted as a signal of growth. Now, the link between the two feels less valid. Instead, efforts might be directed in equipping lawyers with the necessary hardware and software needed to make working at home a permanent option. "The organisation of workspaces to be able to work remotely is something we will all have to help with, especially for younger people," says Rodrigo, Elías & Medrano Abogados' Luis Carlos Rodrigo Prado. "Because remote working is going to stay with us, we need to help people prepare."

Firms will probably be more open to normalising different working structures. "The fact that everybody can work remotely without it materially affecting our operations is going to make us look at management decisions from a different perspective – we are probably going to be more flexible," says Eugenio Aramburu, a member of Pérez Alati, Grondona, Benites & Arntsen's management committee. A rethink of how firms use office space could be accompanied by changes to back office structures that don't contribute as much value under more flexible working arrangements, points out Estudio Echecopar's Pablo Berckholtz. "Some law firms and companies will realise that the internal structure they have in place is not always necessary; if you can work at home for two months with reduced back office support, there is room to look at that again."

Now that working from home has been test-run in the biggest way possible, it is hard to foresee firms returning to more traditional policies that prioritise presenteeism. This could take the pressure off certain employees over others; it might make it easier for women to return to work after having children, for example, and could widen the geographical pool from which firms recruit talent.

A common thread from conversations with Elite law firm managing partners was the desire to use this period to make profound and lasting changes for the better. "Our main concern is failing to take advantage of this experience to evolve into a better organisation," says Galicia. In practice, that means providing an improved service offer with the support of technology, while reinforcing a culture of collaboration within the firm, he explains.

How these desired changes take shape will vary from firm to firm. While there are no easy answers or tailor-made solutions, many law firm leaders feel that applying the same methods as they have in the past will not be enough in the post-covid-19 world. As Ferrere (Uruguay)'s Agustín Mayer West puts it: "There will be a time before covid-19 and a time after, and I want to be someone who has learned lessons from it."

** This article was written before José Eduardo Carneiro Queiroz passed away in June 2020.*

Two-thirds of Elite managing partners told us that productivity had not dipped since covid-19 emerged.

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STRUCTURAL CHANGES BELOW THE SURFACE

Even after the spread of covid-19 has peaked, it is likely the world will be a very different place. In the legal industry, the pandemic has led to changes in how law firms serve their clients that may well endure beyond the crisis. Some of these changes were in the air before covid-19, but now they seem more necessary than ever, finds **Jaime Fernández Madero** of Fernández Madero Consulting.

In times of unprecedented change to the way law firms operate and how they serve their clients, it seems as though everything is urgent. For law firms, dealing with immediate client demands is the norm, while at the same time it is of paramount importance that they sustain their own operations.

To get a direct perspective of what is happening, I spoke with some law firm partners and company general counsel facing complex situations to see how they are trying to solve problems arising from the current crisis.

These are my findings.

New ways of communicating

Both clients and law firms indicated that they are adapting quite well to the imposed system of distance working, communicating only by phone or teleconference, for example through Zoom. For many, this type of interaction has increased efficiency and communication. They talk more to some people than in the past, and meetings seem to be more useful and to the point.

People are discovering many inefficiencies in how they did business in the past, and they would like to keep them there. As Fabiana Fagundes from BMA in Brazil told me

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from her beach home in Andra dos Reis: "We don't waste time; distance is good and can be managed." This might have implications for the future when normal life resumes. Both clients and law firms may continue to use this way of working a lot more than before.

Clients are looking for bottom-line solutions

A topic of discussion over the years has been how law firms can respond to clients' problems effectively, simply and practically, with a deep understanding of their businesses and the challenges they face. This discussion is continuing during the crisis, with clients having several additional concerns.

In the present circumstances, clients want their needs to be understood and addressed plainly and directly, without excessive legal technicalities. They expect a genuine opinion about the situation they are dealing with, and that the law firm will take a stance. Law firms should take risks with their recommendations. Clients prefer to go directly to the lawyer (either a partner or senior associate) who is able to solve the problem, without an institutional barrier that could delay the process and make it more costly.

Brenda Puig, general counsel for Walmart in Argentina, explained: "Individuals are becoming more relevant as we look for the best we have at hand to solve our problems in each situation. There seems to be more democratisation, because everything is more direct and realistic. The big brand is less visible as we search for competent individuals in whichever firm they may be."

> "If law firms are there for us in difficult times, that will strengthen our relationship with them beyond the crisis."
>
> – Ricardo Genis Mourão, Goldman Sachs

Although it is still too soon to define how these changes will affect clients' needs, it seems that clients will expect a more simple and direct provision of legal services in the future, with knowledgeable lawyers responding to their requirements quickly and clearly. Clients will resist large meetings with many lawyers – some of whom seem unnecessary – more and more. The same will apply to lengthy memorandums that explain all the applicable laws.

The practices, style and presence of lawyers will all need to be simplified.

Fees: what is really changing?

During a crisis of this sort, I would have expected severe problems with pricing and fee collection, but both clients and law firms have indicated that the changes have not been significant.

However, clients expect more flexibility and proactivity on fees from their law firms. Santiago Carregal, from Marval, O'Farrell & Mairal in Argentina, told me: "There is some renegotiation of fee arrangements, but not in a general fashion. In the emergency, clients do not consider renegotiation a priority. Collection may also suffer, but again not in all cases. The important aspect is that having a flexible and a 'strategic partner' approach is essential in a situation like this."

Clients are asking a lot from law firms in this crisis and generally the lawyers are responding quite well. The perception is that many clients do not think they should change the terms of their fee agreements with law firms at times when they need them so much, although that may change from industry to industry. As Ricardo Genis Mourão, general counsel and regional chief operating officer of Goldman Sachs in Brazil said: "In all cases, we should work like partners to solve the problems we are facing. If law firms are there for us in difficult times, that will strengthen our relationship with them beyond the crisis."

Time to invest in technology

Covid-19 has put technology at the forefront of law firms' essential needs and investments. With all lawyers and staff working remotely, having adequate technology to support that operation becomes a matter of survival. This is not just a question of money but also of time and functional adjustment.

Some firms were better prepared because they had started

SHUTTERSTOCK.COM/ HENDRIC SIMARMATA

JAIME FERNÁNDEZ MADERO

2013 – present
Founder, Fernández Madero Consulting

2012 – present
Senior consultant, Thompson Reuters

2009 – 2012
Senior counsel, Bruchou, Fernández Madero & Lombardi

1990 – 2009
Founding partner and managing partner, Bruchou, Fernández Madero & Lombardi

Jaime Fernández Madero speaking at a Latin Lawyer Elite event in São Paulo in 2018.

technological improvements before this crisis.

Lina Uribe García from Gómez-Pinzón Abogados in Colombia said: "We made significant investments in technology five years ago that made us able to work remotely very efficiently and I believe this is helping us in this situation. We have devised fast and practical ways to answer to clients' demands using our technology. We need to be agile and efficient."

But some law firms are struggling with remote functioning because they have delayed making investments, and because lawyers are not used to working with these tools.

Keeping the team together

Good internal communication and managing expectations of law firm partners is something that clients might not see, but it certainly affects the efficiency of client interactions. Sustaining a strong sense of cohesiveness is important to maintain morale and limit anxiety. It also helps collaboration at a time when it is needed most.

José Eduardo Carneiro Queiroz, from Mattos Filho in Brazil, told me: "Communication is key. We decided to be open and proactive with partners. We've implemented an adjustment of our structure to prepare for the downturn and to focus on the future of the firm. Despite having to make short-term decisions, we are focused on the aftermath of the crisis. We also put together a variety of tools to keep partners communicating with associates, trainees and our staff. We are actually communicating much more than we usually do. For example, I run this initiative called 'coffee with the managing partner'. It is a 30-minute conversation, twice a week, in which any member of the firm can participate via Zoom. Other partners and associates are conducting similar communication initiatives. Everybody is engaged and very active in their respective roles."

My main conclusions after listening to these lawyers, and others I have talked with in the past few weeks, is that this situation looks more disruptive than any other experienced by law firms in the region. Other crises, like the 2008–2009 financial crisis, did not affect the fundamental way law firms worked and provided service to clients, or the economic basics of the business, but this time it might be different.

Working from home might change from being a benefit for lawyers that needed flexibility (for example, working parents) or a more relaxing way to work on a Friday, to a good alternative to be more efficient and save time and money for the firm and its clients. In a deeper way, it can change the whole concept of effort and reward. Until now, being in the office for long hours was recognised and strongly incentivised. Working from home or being connected in a more limited – albeit efficient way – outside the office triggered a guilt trip that was based on embedded cultural patterns. Hourly billing, as the foundation for law firms' pyramid business model, might start to crack even more in an environment where clients expect shorter and faster answers to their problems.

The foregoing is also connected to team composition. Some firms mentioned that, while partners and senior associates are very busy, it is harder to keep junior associates as busy as the rest. Part of this was already happening before covid-19. Clients want to go directly to those who already have the knowledge and experience and are reluctant to pay for a junior lawyer's time if they cannot see value behind it. The covid-19 crisis will probably increase this trend.

Fee negotiation is also something that could be affected even more in the medium and long term. As discussed, the current transparent and simple way of functioning will make it harder for law firms to work and make money based primarily on the number of hours worked. Systems based on the combination of effort (real hours), quality and results will probably expand as the discussion of value becomes more complex and demanding from the client's side.

Tools and facilities will also be under heavy scrutiny. On the one hand, technology has become dramatically important, but on the other hand, office space is no longer the only environment in which a law firm can operate. The role of support staff may also be revisited.

Systems, either for governance or compensation, that hinder collaboration and institutional responses to clients and give exaggerated importance to individuals will pay a higher

Hourly billing might start to crack even more in an environment where clients expect shorter and faster answers to their problems.

SHUTTERSTOCK.COM/ PAYPAU

price for inefficiency and lack of coordination.

As encompassing forces, both leadership and culture will play an enormous part in this transition, either to enable or to block sustainable changes that need to be thought out, discussed and implemented. This process may imply dealing with so many changes that the basic model of law firms used for many decades will come under scrutiny.

Edgar Schein, a former professor at the MIT Sloan School of Management and an expert in organisation culture, argues that organisations do not change their culture except in two situations: one, if their survival is at risk because the business environment has changed dramatically, and two, when there is big opportunity for growth, because the conditions have changed and promise big rewards that require change to take advantage of them. I believe both factors are present in these circumstances and law firm leaders will have to deal with them or face the consequences; those that do not adjust put their survival at risk, whereas those that rethink their business could turn this into a significant opportunity for the future.

I agree with those who say that firms should not panic because we have gone through other crises before and we have survived. But it would also be a great mistake to minimise the effects of this crisis and its aftermath.

Changes have been occurring during the past decade but relatively slowly. This crisis might accelerate the process, leaving behind those more reluctant to adapt.

As Lina Uribe García rightly points out: "We need to reinvent ourselves, or we will pay the consequences."

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Clients need law firms for hard to spot issues amid covid-19, poll shows
latinlawyer.online/1228019

THE ELITE

The 2020 Latin Lawyer Elite firms lead the way in their respective markets on account of the excellent work they do for clients, but also because they invest significant time and effort in maintaining their competitive edge through astute business development and careful talent management.

ARGENTINA

- Beccar Varela
- Bruchou, Fernández Madero & Lombardi
- Marval, O'Farrell & Mairal
- Mitrani, Caballero & Ruiz Moreno
- Pérez Alati, Grondona, Benites & Arntsen

BRAZIL

- BMA – Barbosa Müssnich Aragão
- Cescon, Barrieu, Flesch & Barreto Advogados
- Demarest Advogados
- Lefosse Advogados
- Machado Meyer Advogados
- Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados
- Pinheiro Neto Advogados
- TozziniFreire Advogados
- Veirano Advogados

CENTRAL AMERICA

- Aguilar Castillo Love
- Arias
- BLP
- Consortium Legal

CHILE

- Barros & Errázuriz Abogados
- Carey
- Cariola Díez Pérez-Cotapos
- Claro & Cia
- Guerrero Olivos
- Morales & Besa
- Philippi Prietocarrizosa Ferrero DU & Uría (Chile)

COLOMBIA

- Brigard Urrutia
- Gómez-Pinzón
- Philippi Prietocarrizosa Ferrero DU & Uría (Colombia)
- Posse Herrera Ruiz

MEXICO

- Creel, García-Cuéllar, Aiza y Enriquez SC
- Galicia Abogados
- González Calvillo, SC
- Hogan Lovells BSTL
- Mijares, Angoitia, Cortés y Fuentes SC
- Nader, Hayaux & Goebel

PANAMA

- Arias, Fábrega & Fábrega

PERU

- Estudio Echecopar, a member firm of Baker McKenzie International
- Miranda & Amado Abogados
- Payet, Rey, Cauvi, Pérez Abogados
- Rodrigo, Elías & Medrano Abogados

URUGUAY

- Ferrere (Uruguay)
- Guyer & Regules

VENEZUELA

- D'Empaire Reyna Abogados

EXCELLENCE IN MANY FORMS

The 2020 Latin Lawyer Elite firms are profiled in the next few pages. As the spider charts illustrate, they have each carved out their own path towards excellence and demonstrate unique areas of strength.

They are all members of Latin Lawyer 250, a guide to leading law firms in Latin America, which means they have a proven offer of excellent service. They are also at the top of their markets according to other indicators, such as institutional strength, international outlook and social responsibility.

To finalise the list of firms, Latin Lawyer has drawn on data compiled through our own leading independent surveys into management practices, including diversity, international experience and pro bono; our research into each legal marketplace as part of Latin Lawyer 250; and our news coverage of the leading deals and cases across Latin America. Our senior editorial team has also assessed the make-up of the list, bringing their accumulated years of detailed, on-the-ground knowledge to the table.

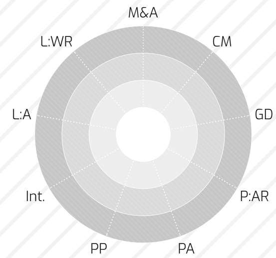
Since we launched Latin Lawyer Elite five years ago, we have supplemented our research with conversations with clients through the Latin American Corporate Counsel Association (LACCA), which is affiliated to Latin Lawyer. This year, we have gone a step further, measuring contender firms in two additional areas of excellence from LACCA's research: LACCA Approved (a list of partners personally recommended by top general counsel from around the region) and 'Who represents Latin America's biggest companies?', a list of the law firms representing Latin America's largest 100 companies, as ranked by revenue.

We have used data drawn from all the aforementioned sources to award firms points in 10 areas of excellence. The range of points in each category is divided into three bands, in which firms are given a score of one, two or three (three being the highest) when compared to other top firms within their jurisdictions. Points are illustrated in the spider graphs on the following pages. Although these graphs illustrate multiple routes to excellence, we acknowledge that numbers don't tell the whole story, so with each data set is a short excerpt from the firm's Latin Lawyer 250 profile, which contains detailed analysis of what they do best.

Latin Lawyer Elite firms are compared with peers in their own jurisdiction. It would be wrong to compare the M&A activity of a firm in Mexico with that of a firm in Venezuela, while Brazilian firms have generally made more headway in gender diversity than the Chilean market. Nevertheless, firms have all been measured using the same criteria, albeit on a different scale.

The selection process allows firms to move on or off the Elite list each year. The 2020 list is not exhaustive but the firms included are there for good reasons. They all bring successful, innovative strategies and experiences to the table, which are profiled in brief in the following pages. We have focused on the largest economies – Argentina, Brazil, Chile, Colombia, Mexico, Peru, Uruguay and Venezuela – plus Panama and the Central American region.

Our intention is to include other countries in the future. We have also included law firms that are part of international firms but they all have local roots.



AREAS OF EXCELLENCE

M&A **Mergers and acquisitions** activity measured by volume and value of deals in 2019

CM **Capital markets** activity measured by volume and value of deals in 2019

GD **Gender diversity** of partnership based on numbers submitted for LL250 at the beginning of 2020

P:AR **Partner-to-associate ratio** based on information submitted for LL250 at the beginning of 2020

PA **Practice areas** in each firm's editorial profile of 2020 LL250

PP **Partner promotions** reported to Latin Lawyer during the past three years, calculated as a percentage of partnership

Int. **International** exposure of lawyers, via LLMs and foreign associate programmes in the past three years

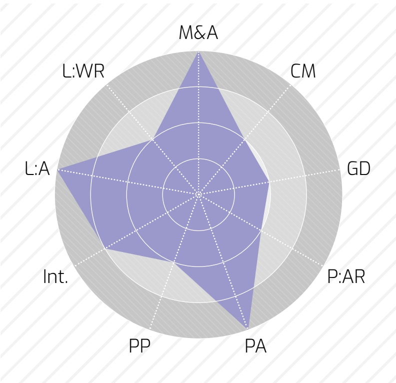
L:A **LACCA Approved:** the number of the firm's practitioners rated by general counsel in LACCA's benchmarking guide

L:WR **LACCA Who Represents:** how many of the 100 largest Latin American companies the law firm represents

ARGENTINA

Beccar Varela

LL250 practice areas	22
Female partners	14%
Partner:associate ratio	1:3.7
Pro bono	Leading Light



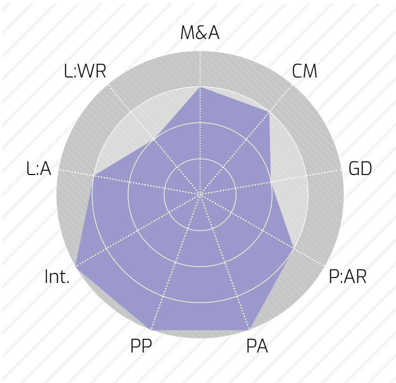
Beccar Varela is one of the largest firms in this market and is viewed as a leading firm across the board. It has considerable strength in corporate and M&A, banking and finance and capital markets work and has showcased those skills in recent years in a series of high-profile transactions. The firm has a particularly excellent standing in finance circles.

Read more about this firm here:
latinlawyer.online/1220474

Bruchou

BRUCHOU, FERNÁNDEZ MADERO & LOMBARD

LL250 practice areas	20
Female partners	14%
Partner:associate ratio	1:2.9
Pro bono	Leading Light

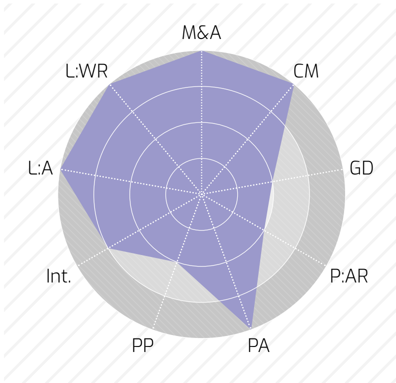


As Bruchou, Fernández Madero & Lombardi enters its 30th year, it remains at the forefront of the legal market in Argentina. It is an undisputed leader in finance transactions, handling a volume and quality of work that most firms in the country cannot compete with. It is also a powerful full-service platform and has used lateral hiring to broaden an extensive service offer.

Read more about this firm here:
latinlawyer.online/1219299

Marval O'Farrell Mairal

LL250 practice areas	23
Female partners	9%
Partner:associate ratio	1:4.4
Pro bono	Leading Light

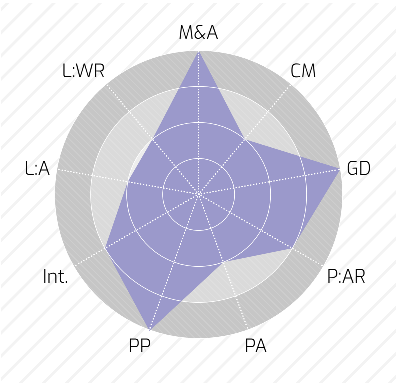


Marval, O'Farrell & Mairal is at the pinnacle of the legal industry in Argentina, leading the way in terms of size, breadth of service and client satisfaction. It is unlike any other outfit in the Argentine market, thanks to the sheer amount of legal firepower it has managed to assemble under one roof and because it excels in a myriad of practice areas.

Read more about this firm here:
latinlawyer.online/1217182

Mitrani Caballero Ruiz Moreno abogados

LL250 practice areas	9
Female partners	36%
Partner:associate ratio	1:1.8
Pro bono	N/A

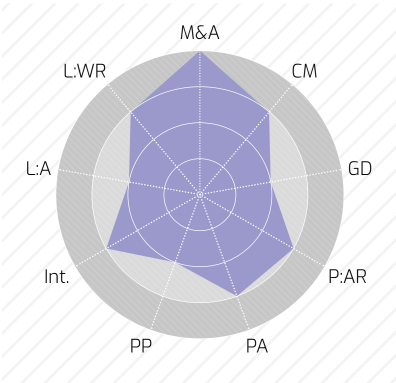


Mitrani, Caballero & Ruiz Moreno boasts an international profile, built on the significant volume of work it does for global clients. In recent years, it has embarked on an aggressive expansion strategy, consolidating its ranks and becoming a dynamic competitor in the Argentine market.

Read more about this firm here: latinlawyer.online/1219381

PEREZ ALATI, GRONDONA, BENITES & ARNTSEN ABOGADOS

LL250 practice areas	17
Female partners	9%
Partner:associate ratio	1:3.7
Pro bono	N/A



For transactional muscle, clients should look no further than Pérez Alati, Grondona, Benites & Arntsen. As one of Argentina's top-tier offerings, the firm has a strong track record in banking and finance, capital markets and corporate work, making it an attractive partner for foreign companies in Argentina.

Read more about this firm here: latinlawyer.online/1217425

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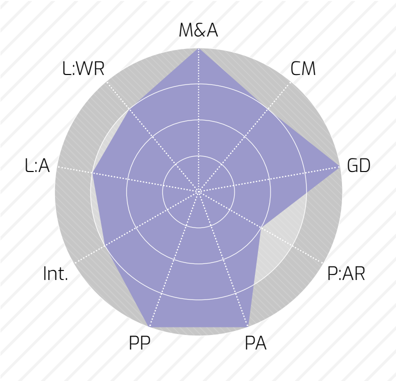
BRAZIL

BMA
BARBOSA MÜSSNICH ARAGÃO

LL250 practice areas	24
Female partners	43%
Partner:associate ratio	1:2.7
Pro bono	Leading Light

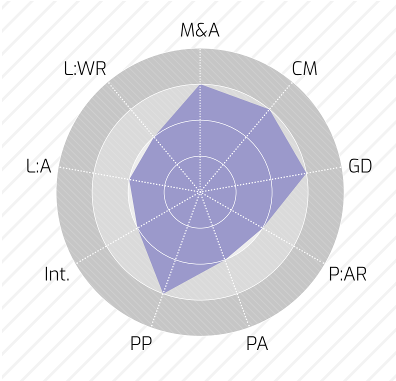


This not just one of the very best firms in the Brazilian market, BMA is the home of big guns who have famously handled some of the most memorable transactions in the country's recent history. Such is the reliably high quality of BMA's service offering that clients return to the firm time and again.

Read more about this firm here: latinlawyer.online/1218357

CESCON BARRIEU

LL250 practice areas	15
Female partners	30%
Partner:associate ratio	1:3.8
Pro bono	N/A

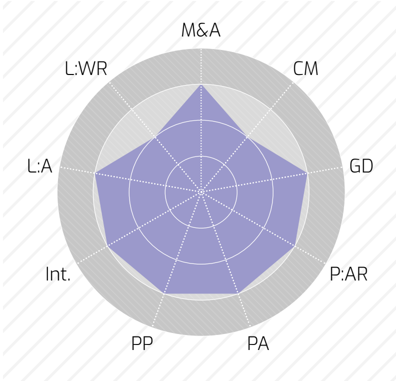


Cescon, Barrieu, Flesch & Barreto Advogados has pursued an aggressive and extremely successful strategy that has enabled it to penetrate the upper echelons of Brazil's legal market. Less than 20 years old, this M&A titan carved out its position among the country's transactional leaders in record time.

Read more about this firm here: latinlawyer.online/1216995

DEMAREST

LL250 practice areas	19
Female partners	34%
Partner:associate ratio	1:3.5
Pro bono	Leading Light

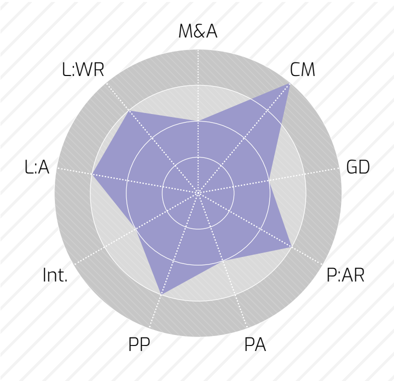


In the past few years, Demarest has taken considerable time and effort to streamline its services, modernise its internal structures and take other steps to strengthen its institution, which culminated in a comprehensive rebranding in 2019 that symbolised a changed firm.

Read more about this firm here: latinlawyer.online/1220084

LEFOSSE ADVOGADOS

LL250 practice areas	10
Female partners	22%
Partner:associate ratio	1:4
Pro bono	N/A

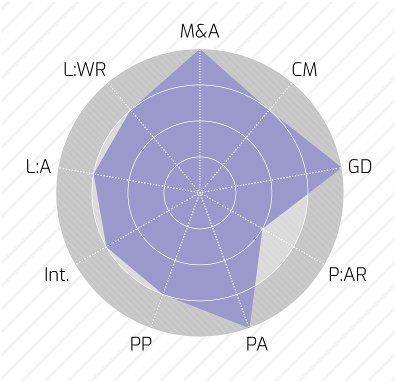


This transactional titan really showed its teeth in 2019. The firm hired eight partners, poaching from competitors at an impressive rate. Lefosse had a clear goal: to turn its already elite practice (with core strengths of capital markets, M&A and tax) into a one-stop shop for clients in need of assistance in all key areas of Brazil's legal corporate market.

Read more about this firm here:
latinlawyer.online/1220413

Machado Meyer ADVOGADOS

LL250 practice areas	26
Female partners	38%
Partner:associate ratio	1:2.9
Pro bono	Leading Light



Machado Meyer is not just a big name in the Brazilian market, it is a matriarch. Some of the major firms in this competitive market were born directly from Machado Meyer's extremely productive talent factory. The firm has a leading reputation across a wide range of practice areas, both transactional and non-transactional.

Read more about this firm here:
latinlawyer.online/1217527

27

The number of practice areas for which Pinheiro Neto Advogados is recommended in Latin Lawyer 250.

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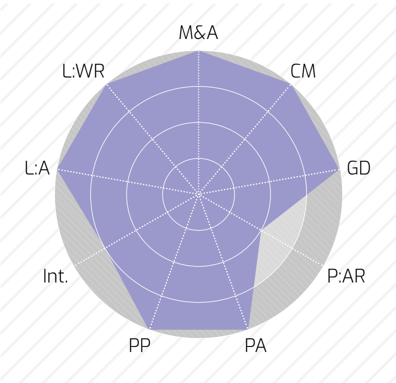
BRAZIL (cont.)

Mattos Filho

LL250 practice areas	25
Female partners	35%
Partner:associate ratio	1:4.4
Pro bono	Leading Light

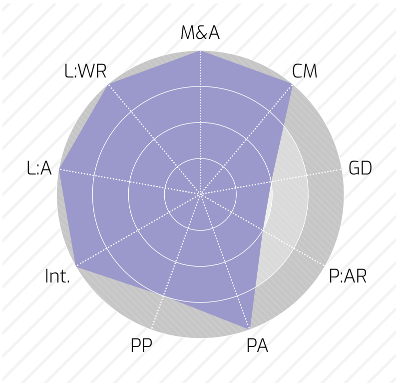


Mattos Filho boasts leading departments in all key practice areas. It has built an institutional powerhouse and follows a corporate-style internal structure. With this it has surpassed the scope of a traditional Brazilian law firm to display a structural framework common to US and English firms, but rarely seen in Latin America.

Read more about this firm here:
latinlawyer.online/1221271

Pinheiro Neto

LL250 practice areas	27
Female partners	12%
Partner:associate ratio	1:3.1
Pro bono	Leading Light

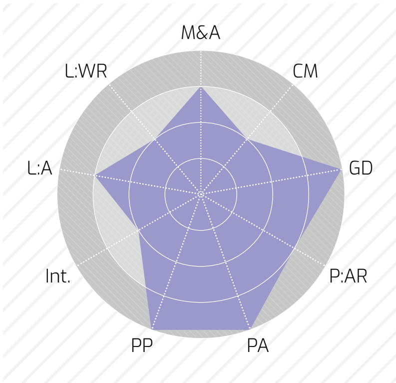


Pinheiro Neto has been at the very pinnacle of Brazil's elite firms ever since the country has had a legal market. In fact, the development of this country's dynamic, fiercely competitive and increasingly institutionalised market is in many ways connected to the driving force of this law firm.

Read more about this firm here:
latinlawyer.online/1221481

TozziniFreire

LL250 practice areas	25
Female partners	35%
Partner:associate ratio	1:4.4
Pro bono	Leading Light



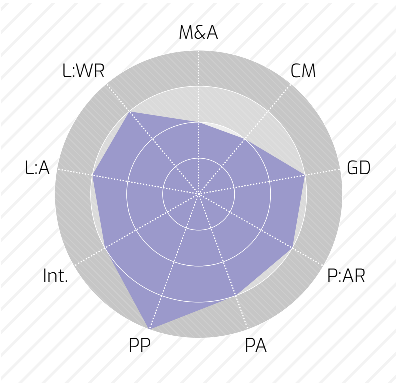
TozziniFreire is proof that the diligent implementation of a modern structure and processes behind the scenes can create big gains in client satisfaction and work generation. The firm is known for its investment in innovation and technology and has found ways to foster the engagement of its lawyers and employees with new technology and ideas.

Read more about this firm here:
latinlawyer.online/1221912

CENTRAL AMERICA

VEIRANO ADVOGADOS

LL250 practice areas	20
Female partners	25%
Partner:associate ratio	1:2.4
Pro bono	N/A

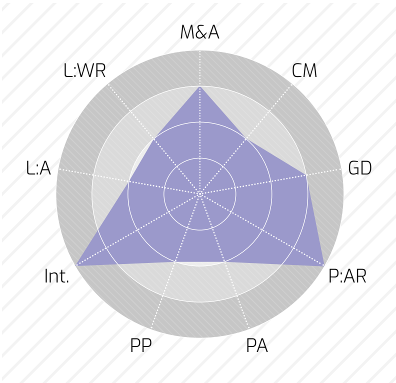


Veirano Advogados maintains consistency and high standards across its multiple practice areas. It is a rare example of a firm that can rightfully boast of real ‘strength in breadth’ across its transactional, disputes, labour and tax work areas. It has a sophisticated, internationally minded approach and powerful market position.

Read more about this firm here:
latinlawyer.online/1220227

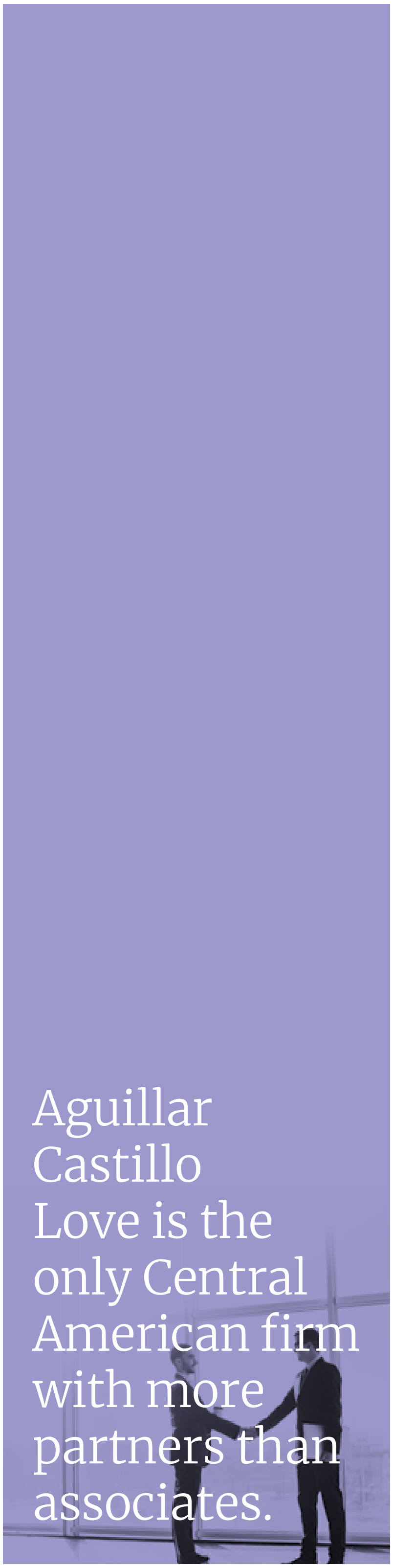
AGUILAR CASTILLO LOVE

LL250 practice areas	7
Female partners	33%
Partner:associate ratio	1:0.9
Pro bono	N/A



Aguilar Castillo Love provides high-end corporate advice to major companies doing business across the region through offices in all five Central American countries, as well as Panama. Though comparatively small, this is a highly visible firm. A proven ability in coordinating affairs regionally has earned it impressive clients.

Read more about this firm here:
latinlawyer.online/1220744



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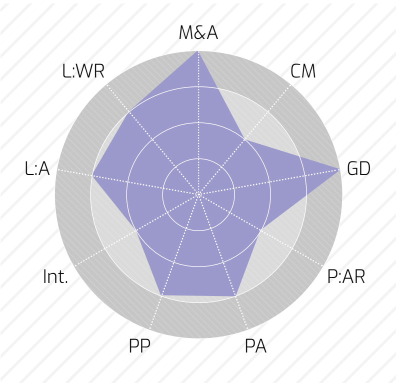
CENTRAL AMERICA (cont.)

Arias

LL250 practice areas	9
Female partners	47%
Partner:associate ratio	1:3.1
Pro bono	Leading Light

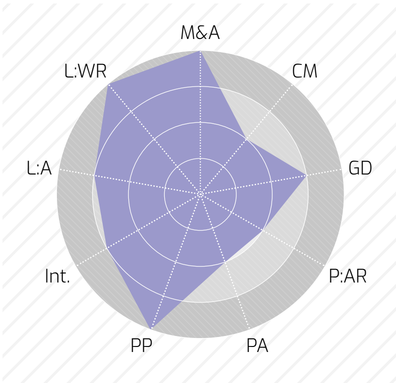


Arias pioneered the regional model that so many of its competitors have sought to emulate. Its market-leading status is also a mark of its talented team of lawyers. The firm's prestige is recognised across each of these disciplines, helping to ensure clients receive a comprehensive, multi-disciplinary offering.

Read more about this firm here:
latinlawyer.online/1219616

BLP

LL250 practice areas	7
Female partners	32%
Partner:associate ratio	1:3.1
Pro bono	Leading Light

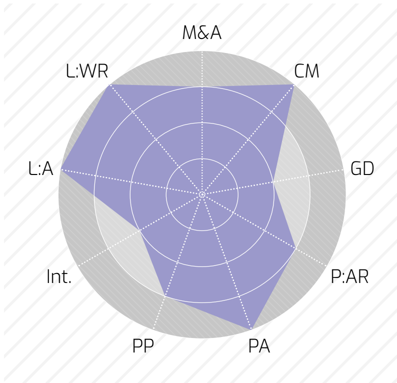


BLP is an extraordinary success story. Its robust approach to the Central American legal market has seen the firm develop from a seven-lawyer shop to Costa Rica's largest firm and a major player in all five Central American jurisdictions in just 17 years. BLP has one of the broadest and best offerings in the Central American market.

Read more about this firm here:
latinlawyer.online/1219429

Consortium Legal

LL250 practice areas	11
Female partners	26%
Partner:associate ratio	1:2.3
Pro bono	Leading Light



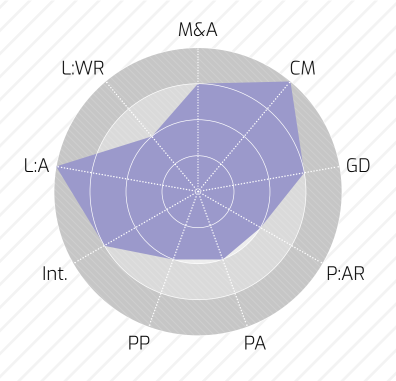
Consortium is one of the original, leading Central American firms. The firm is widely recognised as one of the busiest law firms in the Central American banking industry. It works hard to maintain regionalised corporate governance, coordination of deals and strong commercial and cultural links between its various offices.

Read more about this firm here:
latinlawyer.online/1217953

CHILE

BARROS & ERRÁZURIZ

LL250 practice areas	15
Female partners	9%
Partner:associate ratio	1:4.7
Pro bono	Leading Light

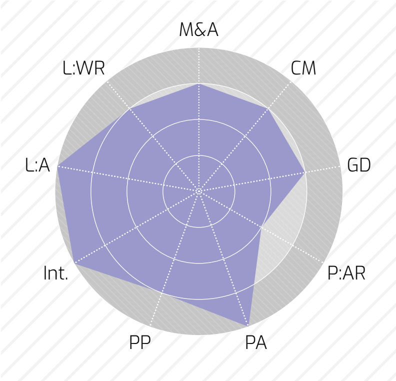


Present for more than 30 years in the market, Barros & Errázuriz Abogados is a well-established player, respected by clients and competitors alike, but one that refuses to rest on its laurels. After a decision two years ago to change its internal governance structure, the firm enters its third year of reorganisation in a stronger position than ever.

Read more about this firm here:
latinlawyer.online/1220655

/Carey

LL250 practice areas	24
Female partners	9%
Partner:associate ratio	1:5.8
Pro bono	Leading Light



The breadth and depth of service that Chile's largest law firm offers are what make Carey an undisputed titan in a fiercely competitive market. Carey's sheer size and the resources it has dedicated to each of its practices means its strongest departments operate like different boutiques working together to offer seamless and excellent counsel.

Read more about this firm here:
latinlawyer.online/1221732

16

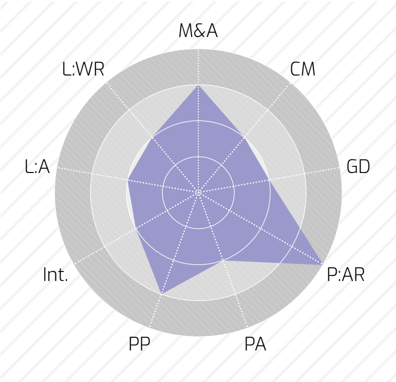
The average number of practice areas for which Chilean Elite firms are recommended in Latin Lawyer 250.

ISTOCK.COM/MEDIAPHOTOS

CHILE (cont.)

Cariola Díez Pérez-Cotapos

LL250 practice areas	13
Female partners	1%
Partner:associate ratio	1:3.3
Pro bono	Leading Light

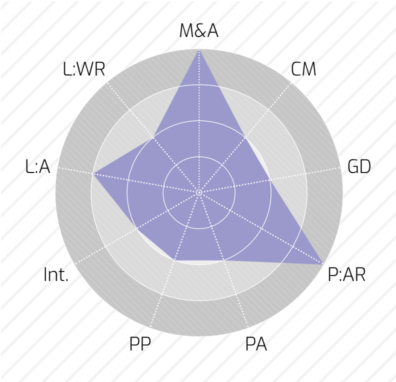


Cariola Díez Pérez-Cotapos is in Chile's transactional elite: lawyers in its corporate and M&A, and banking and finance practices display a flair for complex cross-border work. It is often the local go-to for many multinational companies, and its full-service prowess has gone from strength to strength for more than 130 years.

Read more about this firm here: latinlawyer.online/1219868

Claro & Cia. 1880

LL250 practice areas	13
Female partners	5%
Partner:associate ratio	1:3.9
Pro bono	N/A

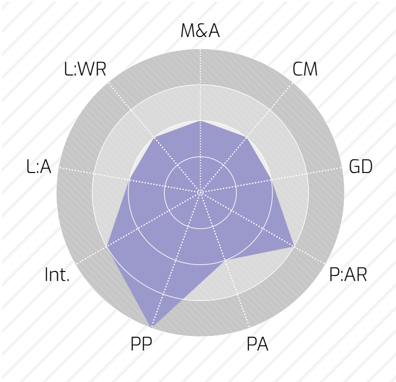


Santiago's oldest firm is the envy of many competitors as its established track record of success in many of Chile's biggest and most important deals leaves other firms in awe. Claro & Cia is a very competitive firm with strong transactional practice areas complemented by equally impressive non-transactional areas.

Read more about this firm here: latinlawyer.online/1221692

Guerrero Olivos

LL250 practice areas	14
Female partners	6%
Partner:associate ratio	1:3.1
Pro bono	Leading Light

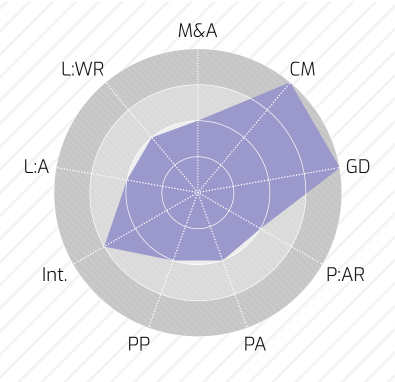


Guerrero Olivos loves to be creative in its legal advice and approach to law firm management. Local and international clients trust this established full-service firm, which often sits across the negotiating table from older and larger competitors. It continues to evolve and regularly invests in new practice areas.

Read more about this firm here: latinlawyer.online/1218584

MORALES & BESA

LL250 practice areas	15
Female partners	27%
Partner:associate ratio	1:4.5
Pro bono	Leading Light



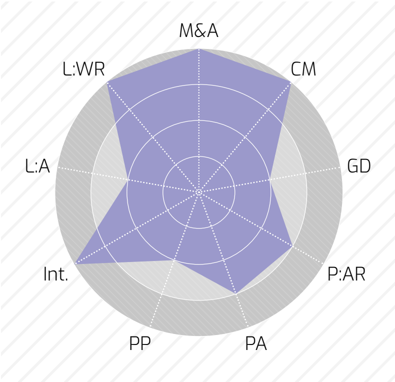
Morales & Besa is recognised as a market leader in the banking and finance, capital markets and M&A fields, with particular expertise in the areas of construction, real estate and antitrust. The firm prides itself on the strong sense of community it builds between partners and associates.

Read more about this firm here:
latinlawyer.online/1221778

Philippi Prietocarrizosa Ferrero DU &Uría

El estudio Iberoamericano

LL250 practice areas	17
Female partners	9%
Partner:associate ratio	1:4
Pro bono	N/A



Being the world's first major Iberian–American law firm brings high rewards. Having a presence in Chile, Colombia and Peru makes this firm stand out from competitors and clients appreciate that the firm makes it easy to operate across borders. The Chilean firm has inherited the corporate clout of its legacy firm.

Read more about this firm here:
latinlawyer.online/1221585

77

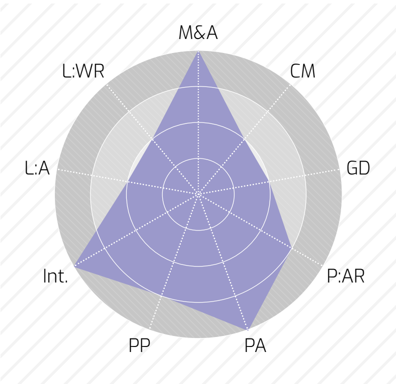
The number of lawyers from Chilean Elite firms that studied LLMs abroad between 2016 and 2019.

ISTOCK.COM/CECILIE_ARCURS

COLOMBIA

Brigard Urrutia

LL250 practice areas	24
Female partners	23%
Partner:associate ratio	1:6.2
Pro bono	N/A

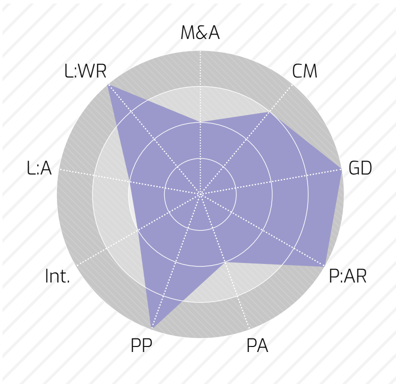


Brigard Urrutia's position at the apex of the Colombian legal market remains unchallenged. Prioritising investment in talent and innovation has fuelled the firm's enduring success. Brigard Urrutia works hard to be ahead of the curve, developing new offerings as the world around it changes.

Read more about this firm here: latinlawyer.online/1218928

Gómez-Pinzón Zuleta

LL250 practice areas	18
Female partners	28%
Partner:associate ratio	1:5.4
Pro bono	Leading Light

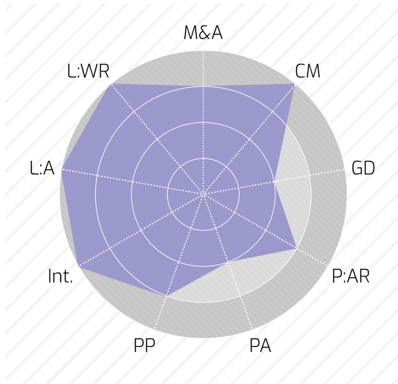


Gómez-Pinzón has retained its leading status for transactional work in Colombia, landing a place on several major M&A and capital markets deals taking place in the country and the region. Transactional excellence across the board neatly describes its core offer and clients have favourable things to say year on year.

Read more about this firm here: latinlawyer.online/1218444

Philippi Prietocarrizosa Ferrero DU & Uría

LL250 practice areas	16
Female partners	22%
Partner:associate ratio	1:6.3
Pro bono	N/A



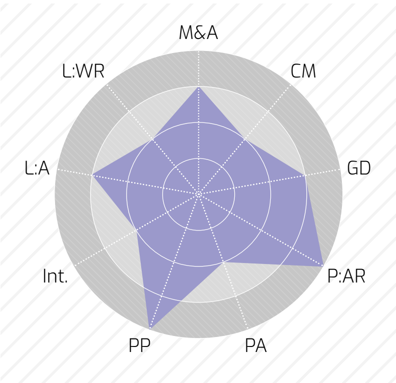
Being the world's first major Iberian–American law firm brings high rewards. Having a presence in Chile, Colombia and Peru makes this firm stand out from competitors and clients appreciate that the firm makes it easy to operate across borders. The Colombian firm is an established market leader in project finance and antitrust.

Read more about this firm here: latinlawyer.online/1221525

MEXICO

POSSE HERRERA RUIZ

LL250 practice areas	17
Female partners	25%
Partner:associate ratio	1:5.5
Pro bono	N/A

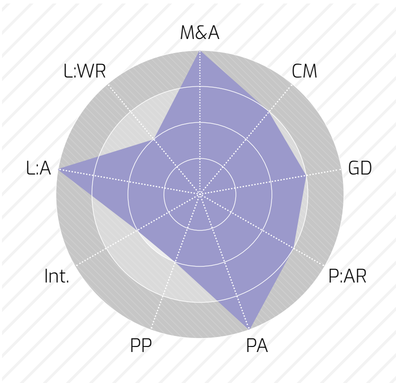


Posse Herrera Ruiz has built a winning reputation for transactional work and it is also a go-to name for other legal services, especially disputes and tax, for which it has one of the biggest teams in the country. It is a mature firm with an institutional structure. That said, the firm responds to market changes.

Read more about this firm here:
latinlawyer.online/1219606

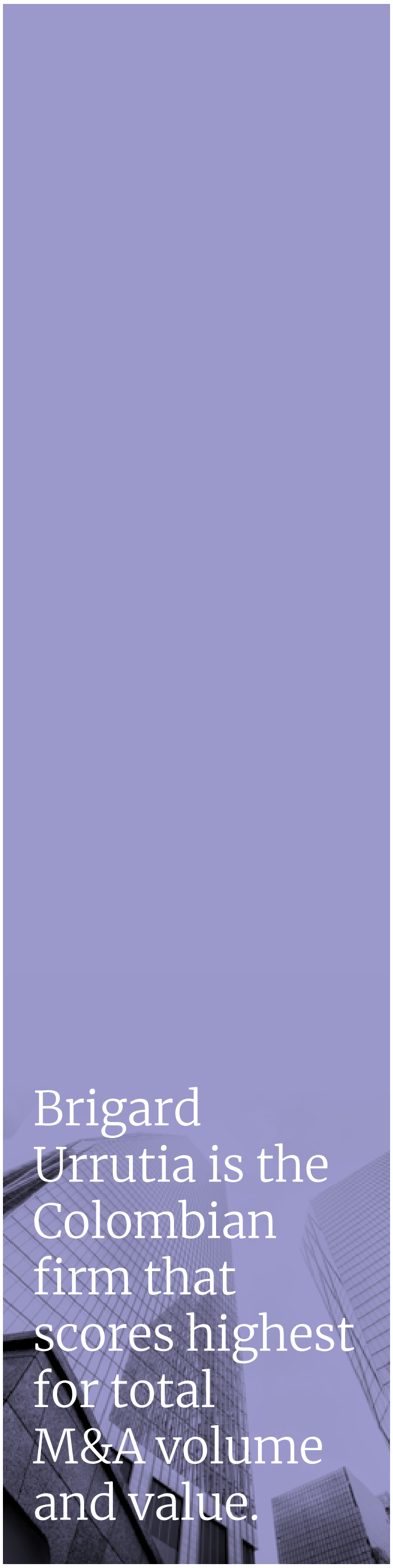
CREEL GARCÍA-CUÉLLAR AIZA Y ENRÍQUEZ

LL250 practice areas	16
Female partners	7%
Partner:associate ratio	1:4.6
Pro bono	Leading Light



Creel, García-Cuéllar, Aiza y Enríquez, SC is a market leader in more ways than one. It blends transactional excellence with a deep bench across multiple practice areas, with specialist teams covering a broad spectrum of legal disciplines. It prides itself on applying innovative thinking to its legal counsel.

Read more about this firm here:
latinlawyer.online/1218143

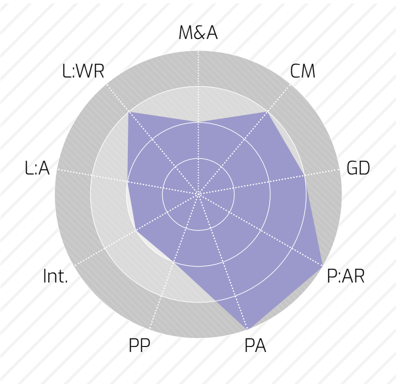


SHUTTERSTOCK.COM/CHULYOON

MEXICO (cont.)

GALICIA ABOGADOS

LL250 practice areas	17
Female partners	11%
Partner:associate ratio	1:2.7
Pro bono	N/A



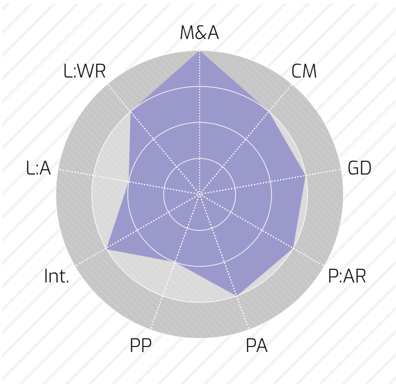
This is one of Mexico's leading multidisciplinary firms, with a large team of lawyers who are at ease working on multi-jurisdictional, multibillion-dollar deals. Galicia is at a competitive advantage when it comes to complex transactional work and its lawyers regularly attract high-profile clients.

Read more about this firm here: latinlawyer.online/1220832

gonzalez calvillo

meet new standards

LL250 practice areas	14
Female partners	11%
Partner:associate ratio	1:3.5
Pro bono	N/A

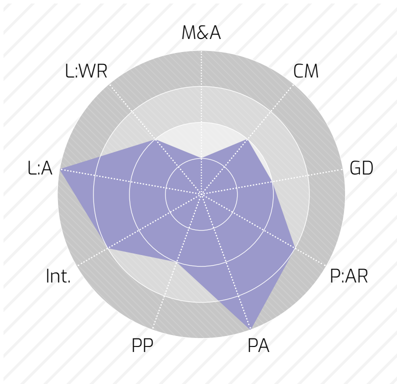


González Calvillo is a successful, full-service firm with reputed corporate and finance practices and a solid offering across several non-transactional areas of law. It is a deal-making firm at its core and prides itself on focusing on the most critical issues, being easy to work with, and looking for effective solutions.

Read more about this firm here: latinlawyer.online/1221619

Hogan Lovells

LL250 practice areas	17
Female partners	5%
Partner:associate ratio	1:3.4
Pro bono	Leading Light

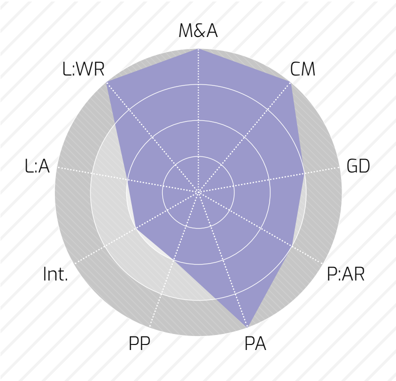


This is one of Mexico's leading full-service firms, which benefits from the larger platform of Hogan Lovells. It is a distinguished firm that commands great respect among peers and clients for its strength in breadth and long-standing relationships with companies.

Read more about this firm here: latinlawyer.online/1217996

MIJARES ANGOITIA CORTES Y FUENTES

LL250 practice areas	18
Female partners	13%
Partner:associate ratio	1:4.3
Pro bono	N/A

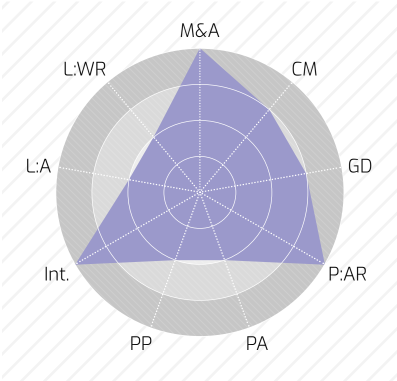


Mijares, Angoitia, Cortés y Fuentes SC is one of Mexico's busiest transactional firms, with some of the country's best-known dealmakers in its partnership. It is one of the younger heavyweights in the Mexican legal market and its leaders are building an institution with strong foundations.

Read more about this firm here:
latinlawyer.online/1219323

NADER HAYAUX & GOEBEL

LL250 practice areas	11
Female partners	11%
Partner:associate ratio	1:1.4
Pro bono	N/A



Nader, Hayaux y Goebel is a firm that clients want in their corner when deals enter uncharted territory. It has built a reputation working on first-of-their-kind financial structures and stands out for its exceptionally deep knowledge of this specialist field. Organic growth is hugely important to this firm.

Read more about this firm here:
latinlawyer.online/1217618

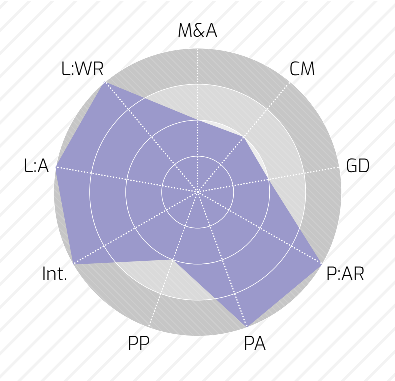
Mexico's Creel, García-Cuéllar, Aiza y Enríquez, SC and Hogan Lovells (Mexico) are both recognised as Leading Lights for pro bono.

SHUTTERSTOCK.COM/SNAPHOLIC

PANAMA

ARIFA
ARIAS, FABREGA & FABREGA

LL250 practice areas	10
Female partners	23%
Partner:associate ratio	1:1.2
Pro bono	N/A



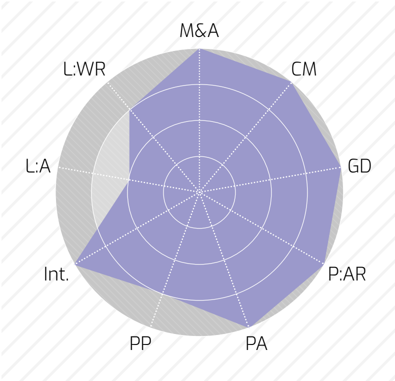
More than a century in the marketplace has not blunted Arias, Fábrega & Fábrega's ambition; the firm remains steadfastly in the elite by any metric. ARIFA, as it is known, is a pacesetter in banking and finance, with visibility on the country's key capital markets deals that few others can match.

Read more about this firm here:
latinlawyer.online/1216601

PERU

Estudio Echecopar.
Member Firm of Baker & McKenzie International

LL250 practice areas	20
Female partners	36%
Partner:associate ratio	1:2.3
Pro bono	Leading Light

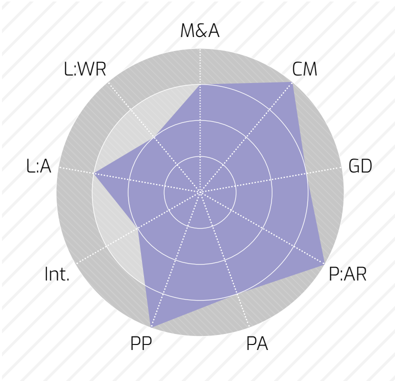


Echecopar has long been a member of the elite in Peru. As part of Baker McKenzie, the firm can build on its stellar reputation at home with the backing of a worldwide platform and the resources that a global firm can offer. It has found its early adoption of such a model to be a potent selling point.

Read more about this firm here:
latinlawyer.online/1222047

MIRANDA & AMADO

LL250 practice areas	16
Female partners	17%
Partner:associate ratio	1:3.5
Pro bono	N/A

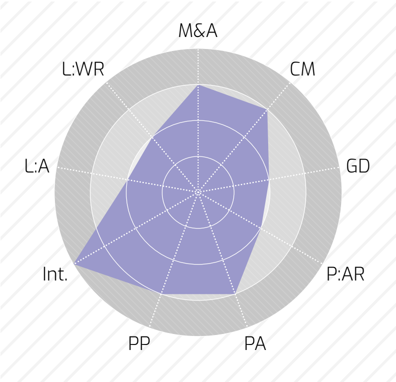


Miranda & Amado Abogados is one of the market's top-tier full-service firms, with a reputation for providing high-quality advice to a long list of international and domestic companies across a range of practice areas. It makes a point of bringing younger partners into decision-making processes early on.

Read more about this firm here:
latinlawyer.online/1218987

Payet Rey Cauvi Pérez

LL250 practice areas	17
Female partners	18%
Partner:associate ratio	1:5.7
Pro bono	Leading Light

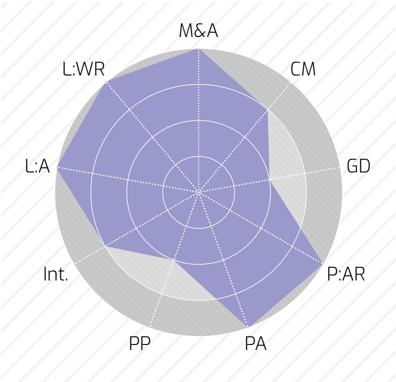


Payet, Rey, Cauvi, Pérez Abogados distinctly breathes international air. Lawyers are business-minded and take a modern approach to providing legal services. The firm is an astute choice for deal-making and is regularly seen on transactions, and on some of the more innovative work in the country.

Read more about this firm here:
latinlawyer.online/1220006

Rodrigo, Elías & Medrano Abogados

LL250 practice areas	22
Female partners	11%
Partner:associate ratio	1:2.8
Pro bono	N/A



Rodrigo, Elías & Medrano Abogados is at the top of Peru's legal market by almost any metric – whether it be the sheer volume of work undertaken by the firm each year, the complexity of the deals that regularly feature its name, or the strength in breadth and depth that its ranks offer.

Read more about this firm here:
latinlawyer.online/1220163

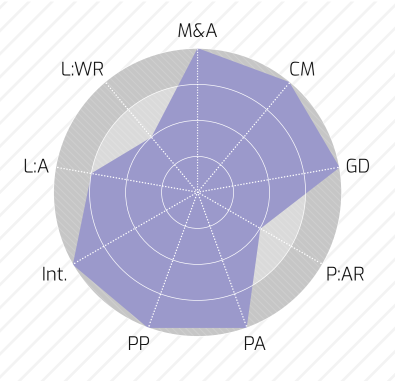
Estudio Echecopar has the highest proportion of women partners of any Peruvian Elite firm.

SHUTTERSTOCK.COM/GAUDILAB

URUGUAY

FERRERE

LL250 practice areas	20
Female partners	33%
Partner:associate ratio	1:5.5
Pro bono	Leading Light



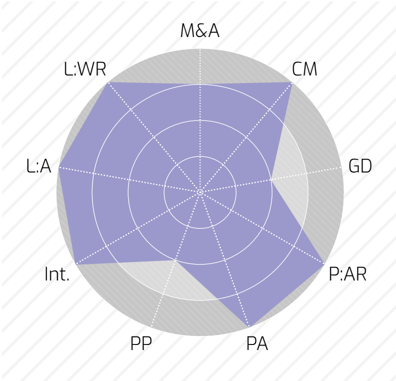
Standing out for its regional identity, geographical spread and commitment to institutionalisation, Ferrere is a unique player in the Uruguayan market, and indeed in Latin America. Its impressive growth across both its home country and other small jurisdictions has had an undeniable effect on the region's legal market.

Read more about this firm here:
https://latinlawyer.online/1217428

GUYER & REGULES

LEGAL • ACCOUNTING & TAX • REAL ESTATE

LL250 practice areas	22
Female partners	13%
Partner:associate ratio	1:3.7
Pro bono	Leading Light



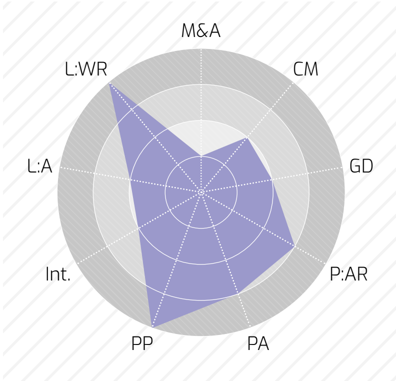
Guyer & Regules has a long history of being at the top of Uruguay's legal market. The range and high quality of its service offering, its extensive and loyal client base, and its transactional clout mean that this prestigious firm is constantly highly sought after. The firm has some of the country's most distinguished lawyers in its partnership.

Read more about this firm here:
latinlawyer.online/1221666

VENEZUELA

D'EMPAIRE

LL250 practice areas	13
Female partners	18%
Partner:associate ratio	1:1
Pro bono	N/A

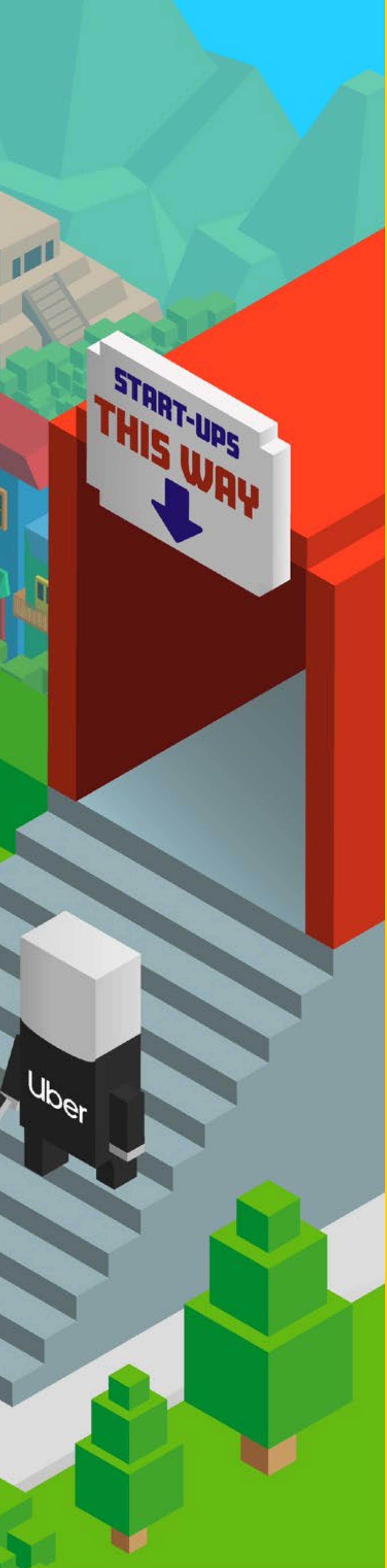


D'Empaire remains a major force in Venezuela's legal market, winning what limited cross-border work there still is, thanks to its excellent international reputation and partner-heavy team. Few firms in the country have been able to pull this off. Its commitment to retaining top talent helps to explain its continued dominance.

Read more about this firm here:
latinlawyer.online/1221185

UNLOCKING THE NEXT LEVEL

Venture capital has gained momentum in Latin America – but are the stakes worth it?



Latin America's venture capital scene has gained momentum during the past decade, with corporate venture capital now piquing the interest of multinationals, local companies and even some law firms. But the high-risk, high-returns nature of venture capital investment brings its own unique set of challenges and opportunities for lawyers advising on these deals. Are the stakes worth it, especially in these trying times?

by **CHRISTINA MCKEON FRUTUOSO**

When ride-hailing app Uber announced its intention to buy Chilean grocery delivery service start-up Cornershop for a reported US$459 million, the hefty price tag signalled one of the biggest returns for venture capital (VC) investors in Latin American history.

But that was back in October. Since then, it has been an uphill battle getting the deal through Mexican regulators, in particular (outside Chile, Cornershop is active in Mexico, Peru and Canada). The deal has laid bare the lack of precedents available for regulators to follow when policing deals involving start-ups.

Mexico's antitrust regulator spent months fighting its telecommunications counterpart to have the final say on whether the deal should go ahead. Cornershop's status as an online platform for delivery services led both agencies to stake a claim. On 22 May, the Supreme Court tribunal that handles administrative matters ruled unanimously in favour of the antitrust regulator. At the time of writing, official approval from the regulator for the deal was still pending.

Illustrations by Jade Nunes

Although it has prompted regulators in Mexico – and other jurisdictions – to try to better understand the e-commerce sector, the deal is indicative of a regulatory landscape in Latin America that is not hugely familiar with merger and acquisition (M&A) transactions involving start-ups, many of which have established themselves in niche fields and can be hard to define in traditional terms. “Many agencies are still educating themselves on how to handle these kinds of deals,” says Daniel Green, a partner at Gunderson Dettmer’s Silicon Valley office and one of Cornershop’s advisers in the deal. The result is that the timing of regulatory processes for these deals can be more difficult to predict than in, say, the US or UK.

Even in Chile, where the VC market is considered more developed than in Mexico, clarifying the scope of start-ups to state agencies proved the biggest challenge for the deal’s counsel. “Explaining new markets that are dynamic, like VC, is difficult – how do you properly explain innovation, since it has different meanings to different people?” says DLA Piper (Chile) partner Matías Zegers. “Agencies usually handle mergers of equals or established companies, but VC is hard because it has no real equivalents.”

The huge returns that Cornershop’s early-stage investors are set to receive from the sale mean observers have followed the deal closely. “Cornershop proves to Latin American VC investors that there are real opportunities for returns in the region,” says Gunderson Dettmer’s Green. “It shows that you can get returns that are 10, even 50 times your investment.”

The deal forms part of an exciting narrative being told in Latin America right now. “The story hasn’t been written yet,” says Green, “but whatever happens, there’s a lot more opportunity across different sectors for VC funds to invest.”

THE CATALYSTS FOR GROWTH

Latin American VC had a record year in 2019. Some US$2.3 billion was invested in regional start-ups – up from US$143 million in 2011.

The growth of technology and connectivity during the past decade, explains Greenberg Traurig SC corporate practice shareholder Arturo Pérez-Estrada, is responsible for the boom, providing unprecedented opportunities to bring products and services to the “underserved” population at high speed and marginal costs. “As these innovations took hold, investors saw fresh and unprecedented access to markets and businesses that had not been viable options for them in the past,” he says. “Once this trend became evident and new solutions appeared, capital flowed in.”

The region’s changing demographics are also contributing to the growth in start-up activity. “There’s a younger, more connected emerging middle-class economy in many major Latin American markets,” says Morrison & Foerster partner Randy Bullard. “These markets have been fertile soil where technology companies have been fuelling investment in larger numbers than before.”

Many law firm partners attribute a recent spike in VC activity in Latin America to Japanese investor Softbank’s US$5 billion innovation fund, which launched in March 2019. Softbank is seeking to fuel Latin America’s relatively young VC market by partnering with local funds, including Brazil’s Valor Capital

IN THE NEWS

Big VC deals in Latin America from the last 18 months:

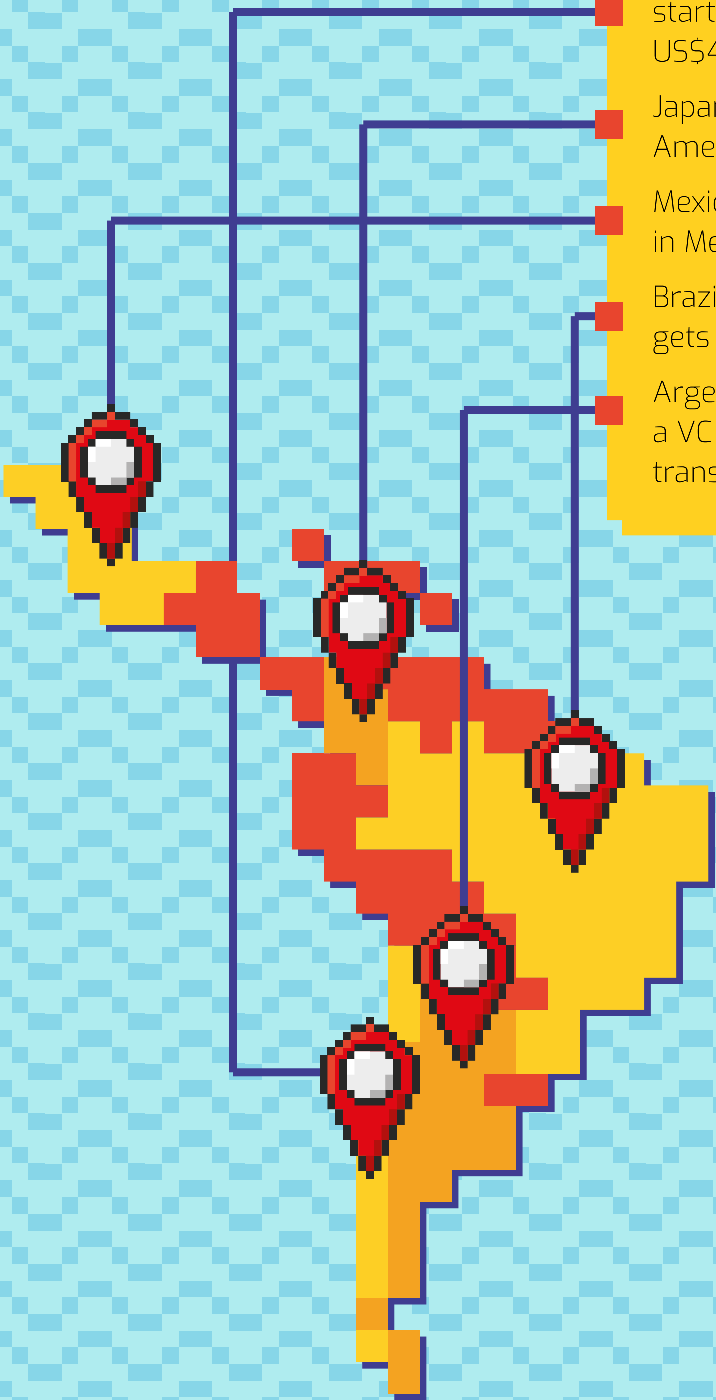
Uber acquires Chilean grocery delivery start-up Cornershop for a reported US$459 million

Japan's SoftBank invests US$1 billion in Latin American food delivery start-up Rappi

Mexican VC business Angel Ventures invests in Mexican geolocation start-up Decifra

Brazilian healthcare start-up Conexa Saúde gets investment from e.Bricks Ventures

Argentine energy company YPF launches a VC fund for disruptive energy and transport technologies



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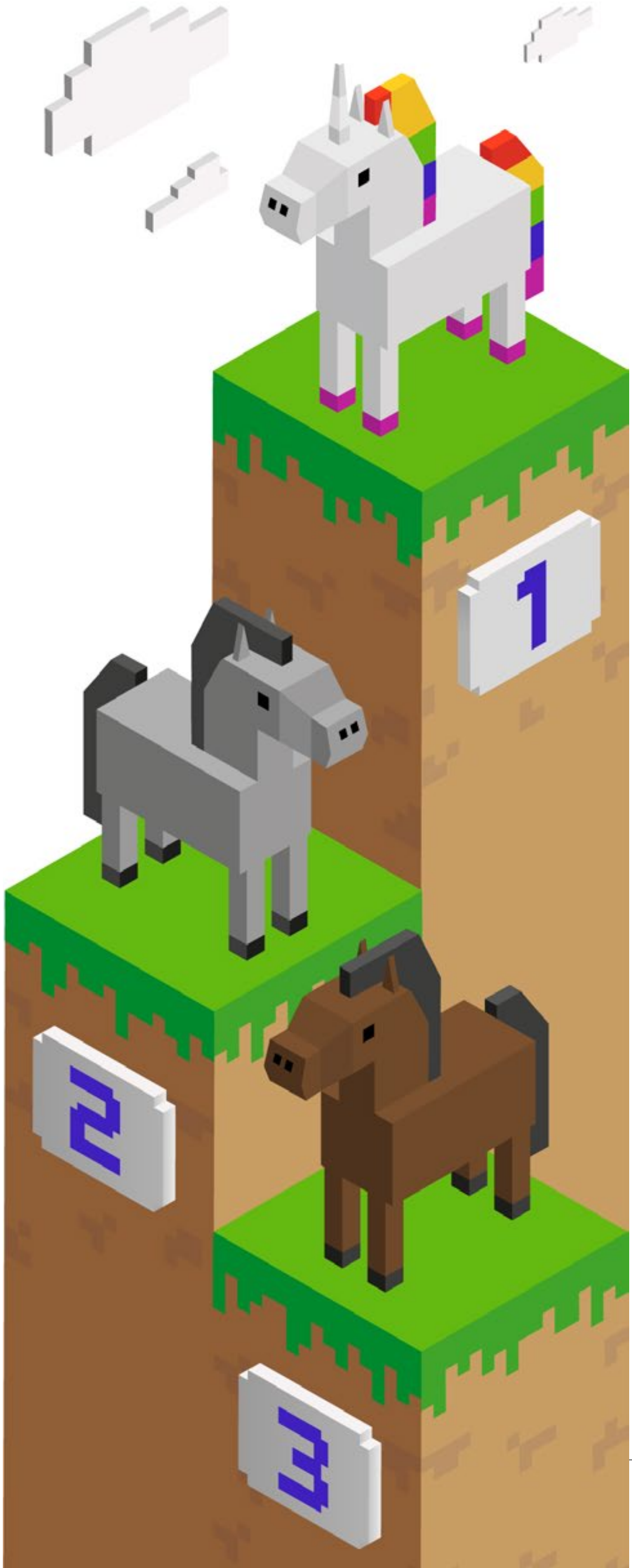


Today Brazil has 11 unicorns, including fintech Nubank, ride-sharing app 99 and – most recently – real estate start-up Loft.

and Argentina's Kaszek Ventures. Its most memorable moment came in April 2019, when it plugged some US$1 billion into Colombian start-up delivery app Rappi. Bullard describes this deal and the creation of SoftBank's Latin American fund as "transformative moments" for VC investment in the region.

VC prospered in Latin America during 2019 despite the political and social unrest that swept various countries. This prosperity includes the creation of 12 unicorns (start-ups valued at more than US$1 billion), one of which was Rappi. This is illustrative of VC's robustness during a troubled period when the growth of more conventional industries might be expected to be hampered, as has been observed in the past. "The VC cycle in Brazil survived the 2014 Brazilian recession and proved the theory that this industry is not impacted by the broad economy of a country," says Pinheiro Neto partner Raphael de Cunto. "We actually had the biggest growth ever after 2014, with the birth of the Brazilian unicorns." Today Brazil has 11 unicorns, including fintech Nubank, ride-sharing app 99 and – most recently – real estate start-up Loft, which achieved that status in January.

The size and sophistication of the Brazilian market has made it an obvious choice for VC investors looking at the region and almost all the region's unicorns are Brazilian – but other countries are carving paths and finding success too.

GOVERNMENT ACCELERATION

Chile – considered by many as a leader in Latin America's start-up ecosystem – was the first country to offer a government-backed start-up accelerator. Start-Up Chile has successfully fostered the growth of these businesses since 2010. The programme is managed by state development agency CORFO, which also has regulatory oversight of VC funds.

In the past three years alone, the programme has provided early-stage loans worth a total of US$55 million to more than 300 start-ups. They carry competitive interest rates and have flexible repayment plans, which appeals to borrowers. These loans, combined with private investments, have raised around US$998 million in funding for start-ups. "Start-Up Chile has built an excellent Chilean ecosystem of start-ups," says DLA Piper's Zegers. "Investors now realise that VC is a way to build up verticals in our economy, which was the government's aim back in 2006, especially to advance the biotech and technology sectors," says Zegers.

Chile has no laws specific to VC or start-ups but the country has a clear tax structure and a rule of law that serves to keep bureaucracy to a minimum. This includes a 2007 policy that approved a new structure under which companies could incorporate: the company by shares "SPA" model removes liability for investors should the company run into financial trouble. Colombia has an equivalent model known as "SAS".

Peru is also considered a relatively good place to start a business. Innóvate Perú, inspired by Start-Up Chile, finances the country's start-ups through loans at low interest rates, mainly at the pre-seed investment level. Digital real estate platform Valia is just one of the start-ups to have benefited from this programme.

As is the case in Chile, Peru's state-backed development bank COFIDE has an important role. In early 2020, Peru's government submitted a law that proposes creating a master fund under the management of COFIDE that would allow VC funds to group together to provide investment at later stages to Peruvian start-ups, including those that have already "flipped" (incorporated) abroad but have operations in Peru. The regulation is pending, awaiting government approval.

"This is to try to close the gap between seed capital and later growth stages when companies traditionally go abroad," says Rebaza, Alcázar & De Las Casas partner Alexandra Orbezo. "We're trying to push to have broad enough regulation to create more opportunities for start-ups to scale both regionally and globally."

TOP TIPS FOR VC DEAL-MAKING

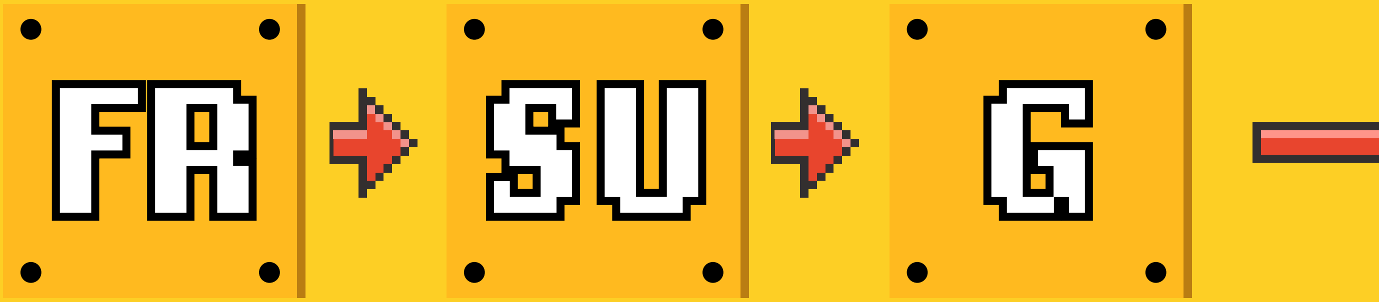
Work with both sides to gain a broader perspective of what each party in a deal wants. "We get stronger at our respective disciplines that way," says Daniel Green, a partner at Gunderson Dettmer's Silicon Valley office. "If I work with a VC fund, I am better able to help a start-up anticipate what their investors will want, and vice versa."

Separate compliance from legal and business growth plans "so you don't have a compliance officer constantly saying no," says Tanoira Cassagne Abogados partner Manuel Tanoira. Lawyers must show investors why this is the best option in the long term. "It's common for start-ups to not have compliance at 100% in the beginning. With business growth, it can then focus more on compliance," says Marval O'Farrell Mairal partner Hernán Slemenson. "VC investments are more focused on the key contingencies from a due diligence perspective and will naturally accept more risk," he adds.

Expect things to move fast. Start-ups need investment to survive and founders – who are often exclusively focused on their projects – are willing to take big steps. "The speed of these deals is amazingly quick because any delay may literally cause the bankruptcy of the start-up," says Carey partner Francisco Guzmán.

Be a lifeline for international investors navigating foreign markets. "There are terms and practices that may be new to them. Our role is to be a bridge between the expectations and requests of the foreign investor and the local start-up looking for financing," says Carey's Guzmán.

VC FUND: THE INVESTMENT PROCESS



Fundraising:
General partners raise money from different limited partners

Start-up investment:
VC fund typically invests in early-stage start-ups

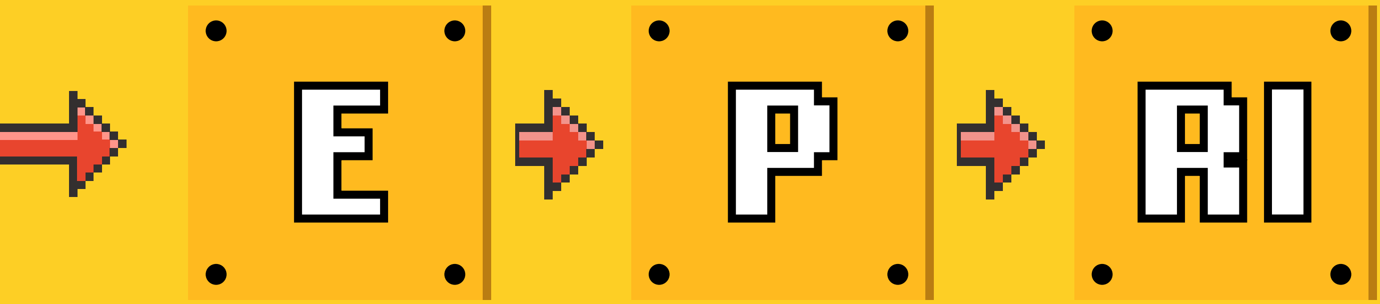
Growth:
VC fund helps start-ups to grow and takes active role in management and corporate governance of the start-up

The region's legal landscape has adapted to attract and maintain VC activity, especially in the past five years. For example, in 2017 Argentina passed a law that established tax incentives for VC funds and corporates investing in start-ups. It created a national trust fund that enables private sector players to invest alongside the government in new projects in a streamlined process. It also made business registration a lot quicker, incentivising individuals to found their own companies.

Countries with governments that have directed efforts into cultivating start-ups and VC activity are in a good position to build a VC ecosystem. But in jurisdictions where this has not been evident, such as Central America, innovation and early-stage investment are still stifled. For any ecosystem to survive, its environment must be nurtured and maintained, or its biotic factors move elsewhere.

THE NEED FOR NURTURE

Several hurdles make VC investment in Latin America relatively difficult. Investors across the region are unwilling to be charged high tax rates on their investments. Peru has different levels of capital gains tax for foreign investors and locals – currently, a foreign VC fund or investor that sells shares in a Peruvian start-up must pay a 30% tax on those returns. Local corporations pay fractionally less, whereas individuals are charged 5%. Lawyers are calling for a new tax law to level the playing field. In Colombia, by contrast, foreign investors who hold shares in start-ups for a minimum of two years are given more favourable tax rates when they sell.



Exit:
VC fund gets returns through an "exit" – usually through a merger or acquisition or an initial public offering

Profits:
VC fund delivers returns to their limited partners

Reinvestment:
Limited partners may choose to reinvest in the fund

In Brazil, a law amended at the end of 2019 boosted the use of participation funds (FIPS), a type of closed-end investment structure that encourages investment in small businesses by allowing foreign investors to benefit from 0% tax on operations of credit, exchange and insurance (imposto sobre operações financeiras), which is applied to financial transactions, including investments.

FIPS were created in the context of private equity and although they do benefit VC, critics say there is room for Brazil to do more. "Regulatory frameworks that facilitate specifically VC activity could push our VC ecosystem from being a good one, to a great one," says Pinheiro Neto's Álvaro Uliani Martins dos Santos.

But there are other hurdles to overcome. For one, Brazil is a notoriously difficult place to do business. "It's still hard to open an entity and liquidate here in Brazil," says Mattos Filho partner Marina Procknor. Despite the recent temporary amendments to its bankruptcy law as a result of the covid-19 pandemic, Brazil's insolvency laws still make investors hesitant. Interpretation of the laws has traditionally seen labour and tax courts

Cases in which judges have targeted investors' assets amid corporate bankruptcy are evidence of Brazilian companies piercing the corporate veil.

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For every Rappi or Cornershop, there are hundreds, even thousands, of failed start-ups.

go after the assets of individual investors alongside the assets of insolvent companies. "VC is about investing in 100 companies," says Procknor. "If you are lucky, one will be good and it will make up for the other 99 failures, but we don't yet have bankruptcy and insolvency laws that make this attractive and worth the risk."

Bureaucratic processes that make financial success long and difficult to obtain put investors off, and the high-risk nature of VC multiplies this deterrent because these investors have much more to lose. Cases in which judges have targeted investors' assets amid corporate bankruptcy are evidence of Brazilian companies piercing the corporate veil, which makes investors uneasy; they don't want to be liable for any start-up they invest in going bust at a later stage.

"We need better interpretations of the laws we have, so VC investors are not worried about whether they will need to use their own assets to pay for the obligations of the companies they invest in," says Procknor, though she adds that despite the challenges, Brazil's VC sector continues to grow rapidly. "We have a business environment more aligned with international jurisdictions, which makes all the difference. I am optimistic, as we have a breeding ground for business."

THE F-WORD (FUNDING)

VC is a notoriously fickle industry thanks to its high-risk, high-return nature. Funds targeted at the region tend to be structured offshore, because the certainty they and their investors get from tried-and-tested models – including for tax and corporate liability – in jurisdictions more accustomed to VC helps validate the risk.

"For VC investors, the number one concern of doing business locally, certainly in Brazil, is that for every dollar they invest, they are willing to lose it, but not a dime over it – they don't want to be worse off than when they started," says Veirano Advogados partner Sergio Bronstein. "For that reason, they prefer to set up their funds offshore so as not to run the risk."

Delaware, Luxembourg and the Cayman Islands are among the most popular locations.

In the early and middle stages of a start-up's life cycle, capital often comes from local sources – angel investors, local VC funds or government-backed accelerator programmes (in countries where they exist). But Latin America lacks widespread big-ticket investment. Start-up investment can be uncomfortable territory for some. For every Rappi or Cornershop, there are hundreds, even thousands, of failed start-ups.

There are ways to bridge the gap between international investors, who typically dominate later-stage VC investment, and local ones, who pull the wagon in the early stages. International players often look for local partners – whether funds, angel investors or individuals – to team up with.

Cornershop received series B funding from a consortium of investors, including US fund Accel and Mexico City-based group ALLVP. The balance of foreign and local is mutually beneficial, and Gunderson Dettmer's Green thinks this kind of collaboration will grow in popularity. "International investors generally don't know the local market as well as the local ones; having a VC lawyer who understands the local business landscape proves invaluable," he says.

UNDERSTANDING DIFFERENT PLAYERS

VC lawyers understand that the key concepts at play in VC investment are economics – price and revenues – and control. It is also vital to understand the thinking of the different parties involved in VC spending.

Both sides of the negotiating table – start-up founders on one side, investors on the other – often want to feel in control. Egos can complicate things. This can leave lawyers feeling like mediators.

"You can have a company founder who has quit a high-flying job to dedicate time to the project – they tend not to like being controlled," says Rebaza Alcazar's Orbezo, "but you also have the investors, who put their money in the company and equally want to have some sort of control."

Finding a balance isn't always easy. One option is to manage the expectations of investors, who may be new to VC. As Rodrigo, Elías & Medrano Abogados partner Augusto Cáceres Vega explains, you need to "tropicalise an investor's thesis" when it comes to VC activity. Little and often, at least for early-stage investment, is key. Unlike traditional M&A or private equity, being a minority – rather than a majority – shareholder in a start-up at the early stages of growth is preferable because it allows more access to a divestment in the future, which is paramount.

More experienced VC investors tend to be the ones that delve into later-stage investment. They are also usually more aware of the nuances of this field. "From my experience, VC funds tend to play fair – they understand the complexities of VC investment and want to see the start-up they're investing in thrive," says Pani Abogados partner Joaquín Pani. "I'm not saying that private equity players play unfairly, but VC investors want all sides of the deal to win and, in that sense, they may seem more noble than traditional investors."

Sometimes it is the entrepreneur who needs extra guidance from counsel: they naturally want their start-up to receive investment as quickly as possible and sometimes do not initially understand the finer details.

"The lawyer really has to take the lead for the founder to guide them through everything," says Pani, adding that the job of legal counsel goes beyond legal. "You have to advise them on day-to-day operations. Sometimes, there isn't even a financial adviser at the start-up, so you have to wear your money hat. It's arguably a much more comprehensive job than that of an M&A lawyer."

FEE FLEXIBILITY FOR START-UPS

Start-ups often have to foot the legal bill of their VC investors and some international funds request big-name law firms for insurance purposes – so legal fees can rack up quickly. Hourly rates are never favourable for start-ups and fee flexibility is key if a firm wants to attract entrepreneurs as clients.

From delayed payment schemes to payments in instalments, firms are being inventive. Mexico's Pani Abogados offers start-ups a "bag of hours" structure under which the client agrees to a set number of hours for the month ahead. Lawyers then deduct from the "bag", prioritising the most important work for the individual client and being cost-efficient and pragmatic about what work they do. The firm also decides fees with individual clients.

"Our fee flexibility is because we want to optimise clients' costs and establish long-term relationships with them; we have to earn their trust," says partner Joaquín Pani.

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Regional VC funds are uncommon, but local and international funds are drawn to regional start-ups. "Because of the size of individual markets in Latin America, no investor is interested in a start-up that works in only one country. They look for something that can grow, at least to the primary markets of the region," says Rodrigo, Elías' Cáceres. It's common for start-ups in Pacific Alliance countries to expand across the bloc. "We all have similar markets, with similar cultures, idiosyncrasies and consumer needs that can be solved through technology, so once you enter one, you can enter the others easily," says Rebaza Alcazar's Orbezo.

But for companies to reach that level of scalability, investment in start-ups needs to be commonplace at all levels of funding – and that is not yet the case for Latin America. It's a vicious circle – big-ticket investors are deterred from investing by the lack of other big-ticket investors – but the cycle can be broken. Japan's Softbank is bucking the trend with its region-focused fund and other multinational investors have clocked on too.

THE FUTURE IS CORPORATE VENTURE CAPITAL

Direct investment made by companies in start-ups is picking up speed. By putting some of their business' capital into a fund dedicated to supporting start-ups, companies are helping to bridge the gap between early-stage government-backed investment and later-stage big-ticket investment, with a view to cultivate the region's innovation and to make healthy returns themselves.

A new generation of business owners is realising the benefit of having corporate venture capital (CVC) funds. In today's competitive markets, it pays

> **Changing the mindsets of traditional local business owners is a challenge in jurisdictions where family groups still hold the majority stake in corporates.**

to divest your interests. "A well-balanced portfolio will include VC – there is a high chance you will lose some investments, but others will balance the losses," says DLA Piper's Zegers.

Brazil's Banco Itaú, for instance, is a large sponsor of accelerator Cooboo, which invested in tech start-up Zup in November 2019. "Now, more traditional Brazilian conglomerates are joining the club and setting up their own corporate VC funds," says Veirano partner Guilherme Potenza.

Other countries in Latin America are home to companies doing similar things. Argentina's state-run energy company YPF launched a VC fund focusing on disruptive technologies involving energy and transport in June 2019. Argentine online marketplace company Mercado Libre and Mexican food business Grupo Bimbo are other examples of corporations with VC funds dedicated to innovation.

Tanoira Cassagne Abogados partner Manuel Tanoira compares CVC to GPS tracking an industry. "Big companies need to stay afloat and know what the businesses of the future are doing now," he says. "It isn't just old companies investing in new ones – every innovative company has a corporate venture capital branch. Many companies are still late to this wave and are at risk."

Not only companies are getting involved. Peruvian firm Rodrigo, Elías & Medrano Abogados partnered with accelerator Liquid Venture Studio (LVS) two years ago to launch the LVS Legaltech Challenge, an acceleration programme looking for legal tech start-ups across Latin America to compete for access to the programme for the chance of follow-on investment. The firm has so far successfully helped a digital aviation dispute resolution start-up to launch.

"Corporate venturing in general is becoming sort of a trend now, so it makes sense other law firms will eventually look to collaborate with start-ups," says partner Augusto Cáceres. "It's still quite new for firms, but it's an opportunity more will be taking in the near future, which is good for the ecosystem."

CVC has been slower to catch on in some smaller economies. Changing the mindsets of traditional local business owners is a challenge in jurisdictions where family groups still hold the majority stake in corporates. They are sometimes uninterested in investing in high-risk

> “We need new solutions for problems we are going to have as a society globally even long after the pandemic peaks.”
>
> – Manuel Tanoira, Tanoira Cassagne Abogados

projects if they do not bring short-term profits. In Central America, many family offices have dominated markets for generations and this grants them a large amount of wealth leverage, says Carlos Miguel Rivas, lawyer and founder of El Salvador start-up Hardmode Interactive. However, there are some third- and fourth-generation family members who want to make their companies more financially sophisticated. “They’re willing to take on the risk that VC brings,” says Rivas.

A STING IN THE TAIL?

There is now deep concern that the declining macroeconomic prospects of many Latin American jurisdictions as a result of the covid-19 pandemic will deter investment in the region. The experience of Softbank is especially sobering for VC. Despite the 20% targeted rate of return it was hoping for, Softbank has grappled with an average return of -6% on its investments in Latin America, largely because of the slowdown – or complete standstill – of sectors such as transport, hospitality and retail during the global health crisis.

But there are indicators that VC activity could remain intact despite the pandemic. It could be a false positive, says Gunderson Dettmer’s Green, but VC lawyers have so far been kept busy. “Early-stage investment activity, including series A and series B funding, tends to be active in crises; early-stage VC investors are looking for five to seven years before they exit their investment, so they can afford to weather a few more economic storms than traditional M&A or capital markets investors.”

Importantly, the focus of VC investment – start-up companies – have proven to be resilient to negative circumstances in the past. Mercado Libre, for example, was founded and grew against the backdrop of the Argentine economic crisis in the early 2000s, finding success at a time when the country was under immense pressure. Indeed, the Argentine spirit and gusto for innovation in the face of adversity is what has given the nation its reputation as one of the most resilient in the region.

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New businesses face the same pressures as other corporations trying to survive this crisis – perhaps more so given their relative lack of liquidity. Nonetheless, the region's start-ups have squared up to these challenging circumstances. Hardmode Interactive, for example, is an app that allows El Salvador citizens to track areas that are deemed high-risk for covid-19. It acts as a communication channel between healthcare experts and the public. "We believe the app can be used to aid different health crises, as many of the app features can be adapted for regular public and private health users' activities," says founder Rivas. "We've had to reinvent ourselves before and we can do it again."

Meanwhile Rappi, despite cutting 6% of jobs at the beginning of 2020, has soldiered on amid profit concerns, demonstrating the same resilience and adaptability that helped it achieve unicorn status in the first place. The delivery app is currently selling covid-19 tests in Brazil and for every test purchased is donating a test to someone unable to afford one themselves. This durability encapsulates the essence of what Latin American start-ups can offer.

Both these examples show that the covid-19 crisis is an opportunity for innovative thinkers to present corporate solutions to sociopolitical issues that desperately need addressing. To get these ideas off the ground, CVC can help to plug the gap between early-stage local and later-stage international VC investment.

"We need new solutions for problems we are going to have as a society globally even long after the pandemic peaks," sums up Tanoira Cassagne's Tanoira. "Coronavirus has accelerated a digital transformation that is well on its way but we can foster it further through venture capital. Now is the time."

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LATIN LAWYER LIVE – M&A COMMITTED TO GENDER DIVERSITY

Co-chaired by Paola Lozano and Paul Schnell of Skadden, Arps, Slate, Meagher & Flom in New York and Francisco Müssnich and Monique Mavignier of Barbosa Müssnich Aragão in Brazil, Latin Lawyer Live M&A featured speakers from Gávea Investimentos, Brazilian Economic Development Bank, the Securities and Exchange Commission of Brazil, Citibank, Goldman Sachs, Embraer, BTG Pactual, Brookfield Asset Management, Ambev, Softbank and Credit Suisse. The event had a 50/50 gender split for speakers. It took place at the Tivoli Mofarrej Hotel in São Paulo and included the following topics:

- cross-border deal-making amid changing compliance standards
- private equity deal-making
- M&A in the tech sector
- hostile takeovers and shareholder activism

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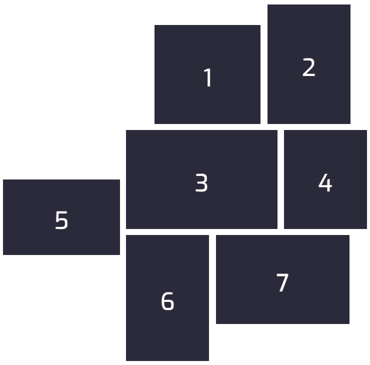

1 Flavia Senna
2 Denise Pavarina
3 Alberto de Orleans, Fulvio Italiani and Manuel Galicia
4 Avinash Mehrotra
5 Hernán Slemenson
6 Arminio Fraga
7 Patricio Trad Cepeda and Paola Lozano


SPEAKER
Denise Pavarina
The Brazilian Economic Development Bank


SPEAKER
Arminio Fraga
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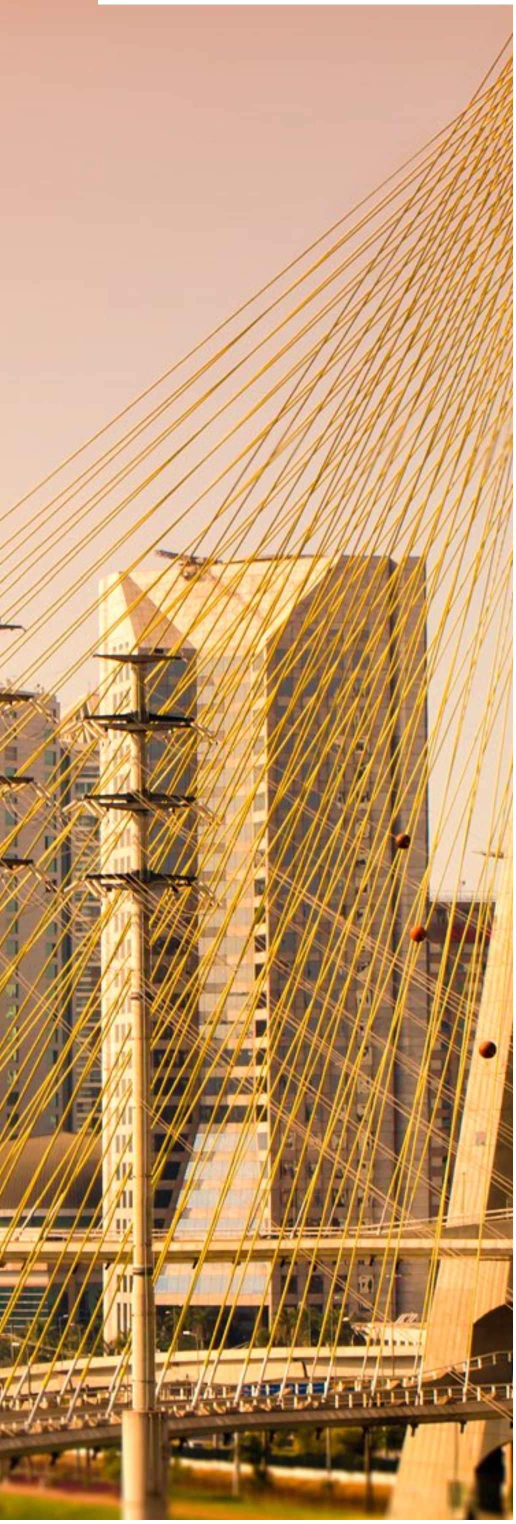
LATIN LAWYER – GIR LIVE ANTI-CORRUPTION & INVESTIGATIONS



Co-chaired by Andrew Levine of Debevoise & Plimpton in New York and Renata Muzzi Gommes de Almeida and Shin Jae Kim of TozziniFreire Advogados, Latin Lawyer-Global Investigations Review Live 7th Annual Anti-Corruption and Investigations featured speakers from Eletrobras, Odebrecht, BRF, Ambev, the Federal Bureau of Investigation, Brazil's Attorney General's Office, the Office of the Comptroller-General and the Securities and Exchange Commission of Brazil. The event took place at the Tivoli Mofarrej Hotel in São Paulo and included the following topics:

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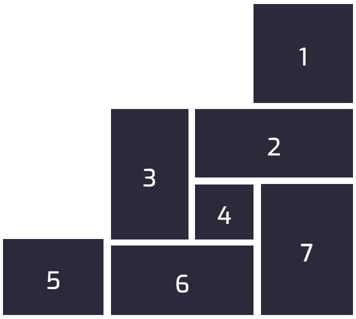
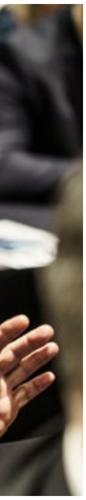


1 Kara Brockmeyer
2 Alessandra Gonsales and Reynaldo Goto
3 Luciano Dequech
4 María González Calvet
5 Pedro Serrano Espelta
6 Alejandra Montenegro Almonte and Maximiliano D'Auro
7 David Brassanini



The day after the day after

Six months ago Argentina's world-class shale play, Vaca Muerta, was booming. Since then covid-19 has hit Argentina, oil prices have nosedived and lockdown measures have made companies close wells and stop new drillings. In preparation for the day after coronavirus, Martínez de Hoz & Rueda partner **José Martínez de Hoz** considers what Argentina should do to get Vaca Muerta and Argentina back on track.

Production of unconventional oil and gas in Argentina has consistently increased at very high rates year-on-year for the past five years. In a comparison between December 2019 and December 2018, shale oil production increased by 49%, while shale gas grew by 257%.

One of the main topics of discussion during 2019 was the need to expand the capacity of crude oil and gas pipelines, since new gathering lines were being constructed or planned to extract the increasing volumes from Vaca Muerta and surplus capacity was narrowing.

The consensus was that, because of the limits within the Argentine domestic market, Vaca Muerta needed to find a global market for its production to sustain a full-scale development. A pilot liquefied natural gas plant, including floating liquefied natural gas (FLNG) facilities, was being commissioned at the port of Bahía Blanca on the Atlantic Ocean coast, almost 600 kilometres east of Vaca Muerta, and more ambitious programmes were under consideration. A public tender was launched to award the construction of a new US$1.8 billion gas pipeline connecting Vaca Muerta with the main industrial areas to free capacity in the existing system.

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Even the election of a less business-friendly government following the outcome of the presidential election in December 2019 did not dampen the plans for expansion. Discussions were held with the new authorities to enact a regulatory framework to provide credible safeguards for large-scale investments in long-term projects.

Covid-19 strikes

But during these negotiations, covid-19 reached Argentina and changed both people's lives and the economy, as it did in the rest of the world. The effects on the economy have been compounded by Argentina's existing ailments, including a default of its sovereign debts, high inflation and an ongoing two-year recession.

The government closed borders and imposed mandatory quarantine measures, including domestic travel bans and the cancellation of commercial flights, with only a limited number of exceptions for essential activities. In the oil industry, these include teams maintaining existing production and plant operations, but new drilling and fracking came to a complete halt.

Following the measures, consumption of gasoline and jet fuel dropped by some 80% and diesel oil by 50% (alleviated at least by the soybean and corn harvest), while electricity demand reduced by 15%. Crude oil demand dropped by around 30%.

In the meantime, international crude oil prices plummeted by two-thirds, adversely affecting the profitability of current operations and the prospect of future investments.

Oil and gas producers in Argentina have tried to cope with the situation in different ways. Integrated companies or producers with storage or export capacity continued pumping during the last days of March. Crude oil production in the central province of Neuquén (where Vaca Muerta is) peaked in March, reaching 170,000 barrels per day.

But crude oil storage capacity in Argentina is very limited – around 17 million barrels, equalling about a month's production – and floating

This situation is causing a rising number of disputes. Non-integrated companies that have not hedged their production are demanding a larger reduction of production or a total shutdown of fields, since they have no market to place their production. Integrated operators resist this, as they need to supply their own refineries, which, because they are operating at low levels of capacity, cannot purchase from other producers.

Companies are also terminating many supply-and-service contracts and renegotiating others, which

JOSÉ MARTÍNEZ DE HOZ

2018 – present
Founding partner, Martínez de Hoz & Rueda

1991 – 2017
Founding partner, Pérez Alati, Grondona, Benites & Arntsen (PAGBAM)

There is a discussion about fixing a domestic crude oil price, as during the oil crisis of 2014–2015.

storage capacity is close to its limit (at least five Panamax vessels have been leased and are being used by several oil companies operating in the country). On top of that, the cost of international freight has soared.

Although some new gas exports to Chile helped marginally, crude oil exports were severely hampered by the abrupt plunge in crude oil prices, compounded in the case of Argentina by the existence of a 12% export tax.

Inevitably, refineries have reduced their production and several of them have closed. Some large producers have shut down wells, beginning with those with higher costs or in disadvantageous locations. YPF, the national oil company, has shut down 50% of the wells at its largest shale oil-producing field, and other producers are following the same path, especially those that do not own refineries or do not have export opportunities.

is affecting the entire business chain. The reduction in production, compounded by low prices, is also severely affecting the revenues that oil and gas-producing provinces collect via royalties (at a rate of 12% or 15% in most of the unconventional and conventional concessions, respectively).

Argentina has a rigid labour law framework. Companies cannot lay off workers as rapidly as in the United States and some other countries. Nevertheless, oil unions in some locations, such as Neuquén, have agreed to significant, but temporary, salary reductions (approximately 40%) to avoid lay-offs. In other locations, such as the province of Santa Cruz in southern Argentina, the unions continue to resist this solution.

Where do we go from here?

In this context, the federal government and the industry are

Argentina needs to plan for the long-term and reinstate the discussions for designing a comprehensive political and legal framework.

discussing measures to mitigate the situation, including the elimination or reduction of export and social security taxes. There is also a discussion about fixing a domestic crude oil price in the region of US$40 per barrel, as Argentina did during the oil crisis of 2014-2015.

These measures will, at the most, marginally mitigate a situation that is being driven by the covid-19 pandemic and its associated restrictions within an international context. But the curve of infections in Argentina seems to be somewhat under control; at the time of writing, the federal and provincial governments are beginning to ease some of the restrictions and they are planning to move further along this path. Neuquén, for instance, has already permitted activity in the construction sector to restart.

The relevant question, however, is what to do 'the day after'? At some point, the world economy and crude oil prices will start to recover, whether that is sooner or later. So how should Argentina try to attract investment to put Vaca Muerta back on track in a way that can make a significant contribution to the Argentine economy?

Large-scale development of Vaca Muerta's oil and gas resources, including the construction of midstream infrastructure and potentially LNG liquefaction facilities and other downstream projects needs to eliminate three fundamental risks associated with Argentina's track record: (i) export taxes; (ii) export restrictions prompted by domestic requirements; and (iii) foreign exchange regulations restricting the free flow of capital investments, remittance of profits and repayment of loans, among other things.

In parallel with short-term policies to tackle the global emergency, Argentina needs to plan for the long-term and reinstate the discussions for designing a comprehensive political and legal framework. This should entail stable and credible rules for eliminating the political and regulatory risks of investing in long-term projects.

Although the success of any such framework will depend on the broader picture of Argentina's economic policies and the efforts of the government to regain credibility, the enactment of such a framework has an important role that should not be underestimated.

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What covid-19 means for Latin American arbitration

Covid-19 is creating challenges and uncertainty for international arbitration practitioners across Latin America, but it is also generating opportunities, says **Aníbal Sabater**, a partner at Chaffetz Lindsey LLP. What follows is an early attempt at analysis and prediction.

For everyone involved in arbitration, the covid-19 pandemic has meant more delays and extensions of deadlines in existing cases as participants fall sick or are confined as a result of prolonged lockdowns and social distancing measures. We can expect also a continued push for remote hearings and deliberations, whenever feasible, as well as the postponement of site inspections, except for those few that, somewhat creatively, may be handled electronically (if arbitral tribunals are willing to experience a site visit through their screens).

Generally, the new context will reward already cohesive and technologically advanced law firms (who will be able to work remotely for an extended period) over their old-school, more hierarchical peers.

Arbitral institutions, for their part, may initially see a drop in the number of new cases (as non-critical filings may be postponed until conditions improve), but this will probably be offset by the medium and long-term uptick in cases predicted below. Two types of arbitration institutions, however, will suffer heavily.

First, among the constellation of regional arbitration centres across the Americas, several remain small

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and underfunded. These may lack the ability to operate during an extended lockdown – and see key users decamp for the larger international arbitration service providers.

Second, institutions whose business model relies heavily on running hearing centres face a dramatic drop in business. Some of this may be compensated in small part by offering digital hearing platforms at a charge, but if they do so, centres will be running into strong competition, as frequent users may acquire those platforms directly from software developers without the need to pay an intermediary.

The crisis will also be a double-edged sword for Latin American cities such as Bogotá, Panama City, São Paulo and Santiago, which are currently on a quest to become major international arbitration seats. Users will surely keep an eye on the availability of counsel, arbitrators and courts in those cities, and their ability to address cases in a timely fashion and sustain a vibrant and cohesive arbitration culture. Depending on how they emerge from the test by comparison with overseas locations, we may see a flourishing or a decay of the Latin American arbitration seat.

Economic setback . . .

On the coat-tails of the pandemic, Latin America's economy went from recession to outright crisis in a matter of days.

No country or sector has been immune to the closure of business activities. Airline passenger traffic in Latin America, for instance, was down by at least 85% in March 2020. And oil-dependent economies such as Mexico, Ecuador and Venezuela have been severely afflicted by the drop in crude prices that followed the outbreak of the pandemic.

The consequences are easy to predict: rampant unemployment, force majeure declarations, disruption of supply chains, lack of liquidity, lack of funding, cancellation of projects, and more. While capital markets and project finance practices are likely to hit pause for several months, an uptick in commercial arbitration cases can safely be expected, especially over transactions involving countries with major financial markets (Mexico and Brazil) or ongoing infrastructure projects (Peru and Colombia). As margins slim down or are wiped out, companies will display less tolerance for counterparty misbehaviour and more zeal in the prosecution of claims.

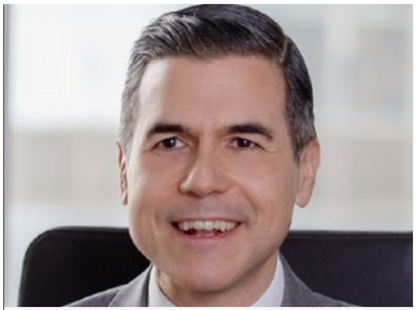
The expected commercial arbitration cases may well be unprecedented because of their sheer number, but not necessarily because of the novel legal issues they will present. For decades, arbitral tribunals have been disposing of project disruption claims and applying well-tested contractual provisions and legal principles to address them. Each case may present specific features, but there is a wealth of communal experience and knowledge that participants in the new cases will be able to tap into, which makes a "revolution in the law" unlikely. Where something closer to a revolution may take place is in the field of investment arbitration.

. . . compounded by political crisis

Before covid-19, the political context in Latin America was already fraught. Bolivia and Chile were immersed in constitutional crises; there were sovereign default rumours in Argentina and Ecuador; Colombia, Ecuador and Nicaragua were experiencing serious social unrest; liberal, pro-market policies had made a comeback in Ecuador, while Argentina and Mexico were returning to protectionist agendas; Brazil was still reeling from corruption scandals; Peru had become unstable; and Venezuela remained chaotic. None of those challenges has been resolved, and while the pandemic may relegate some of them temporarily, it cannot be a source of stability. Be ready for extended periods of political – and legal – uncertainty in many jurisdictions.

Argentina showed to the world in 2002 how an economic and political crisis can be a catalyst for investment arbitration claims. Once a global pandemic is added to the mix, a new wave of investment claims seems likely, especially in light of recent government measures.

With globalisation suspended, each government has decided how to address the pandemic. On 14 March, Guatemala banned most flights to and from North America, stranding thousands of upset passengers. On 18 March, El Salvador announced a



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Sooner or later, claims will be filed that require tribunals to revisit the limits on the lawful use of state powers in times of crisis and the state of necessity defence.

freeze on mortgage and credit card payments and a deferral of utility payments, which drew the ire of financial institutions and foreign investors. And on 7 April, Peru's officials warned that a congressional act suspending all road toll payments opened the door to ICSID claims.

The effects of covid-19 on Latin American investment arbitrations can already be felt. Guatemala asserted in federal court in Washington, DC, that the enforcement of the award in *TECO* (ICSID Case No. ARB/10/23) should be stayed as the country cannot be deprived of resources needed to fight the virus.

But we will start to appreciate the real effects in the medium to long-term. Investors will first need to calibrate the legality, duration and effect of the measures adopted by governments to address covid-19; and even if investors settle on bringing treaty claims, they will need to exhaust cooling-off periods. Sooner or later, however, claims will be filed that test the system in unprecedented ways. Among other things, they will require tribunals to revisit the limits on the lawful use of state powers in times of crisis and the state of necessity defence.

These two topics gave rise to a number of awards in the limited context of the 2002 Argentine crisis. At the time, claims focused primarily on Argentina's tariff and pricing measures affecting financial institutions, and energy and utility companies; but this time an array of nations, measures and industries may come under scrutiny. Also, unlike in previous geographically limited crises, everyone participating in the new set of arbitrations will have been directly affected by covid-19. Without limitation, this will bring new perspectives to the debate and a significant layer of nuance to arbitrator selection processes.

The anticipated wave of claims may also lead to a re-examination of investment treaties (especially to develop more precise standards for times of crisis) and renewed calls for an investment court where claims can be more consistently disposed of than in the presently decentralised arbitration system.

To sum up, our practice is in flux down to its fundamentals. Some of the current changes are likely to be transitory (it is hard to imagine that the number of virtual hearings will remain as high post-covid-19 as it is now) but others will endure. These include, one, the realisation that arbitration can be kept going with less in-person activity; two, changes among key arbitration players at all levels; and three, most likely the emergence of a class of covid-19 case specialists.

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