

Ambitious economic target set to lead to expansion of Chilean legal market

Firms could be forced into recruitment drives in order to ensure they have enough resources to meet the rapidly increasing demand for legal services

With Chile's President Sebastián Piñera having pledged to double economic growth in the country, law firms are anticipating a substantial rise in M&A, finance and competition work. Indeed, the increase in instructions could be significant enough to justify law firms embarking on recruitment drives to ensure they have the resources to meet client demand. As Piñera's first year in office comes to a close, lawyers are expecting growth in the manufacturing and construction sectors in particular.

Ricardo Abdala, partner at Abdala & CIA Abogados, says Piñera's target is realistic, as the "base of comparison is very low, as the final year of President Michelle Bachelet's government saw the lowest economic growth in 35 years, at a meagre 1.5 per cent". He adds: "Piñera's government has generated an immediate improvement in economic expectations, which has translated into a considerable increase in investment."

However, in order for this level of growth to become a

reality, economic activity will have to be strengthened across all sectors, and will require the creation of new companies and ventures, according to Abdala. He adds that the agriculture and banking sectors will generate the most significant growth, with an increase of 8 per cent expected in agricultural exports in the next year, and share offerings are predicted to rise by 7 per cent.

Abdala points out that the retail sector is also generating substantial growth and is predicted to expand by 5.4 per cent this year. Meanwhile, Chile's manufacturing sector is predicted to grow by 3.8 per cent, construction by between 4.6 per cent and 6.6 per cent, although the mining sector is expected to register growth of just 1 per cent. "Mining is a central pillar of the economy in Chile, and the value of copper exports is predicted to reach \$43 billion this year, with production close to 5.85 million tonnes."

This growth will bring an increase in demand for legal advice related to M&A, finance,

and competition as well as a surge in environment-related matters as international investors look to Chile, says Abdala. Meanwhile, new data protection regulations will also lead to an increase in instructions for law firms in Chile, he adds.

Law firms will also see an increase in work due to that fact President Piñera is proposing reforms to the country's tax, employment and environmental laws. This, in turn, will lead to an increase in size of the Chilean legal market, according to Abdala. "As the economy grows and national and international investment increases, so will the creation of new companies or subsidiaries, and that can't be achieved without comprehensive legal advice, and clients will also require assistance with the legislative reforms undertaken by Piñera's government," he adds.

Fees stable

Abdala also expects the ranks of the law profession to swell, with more Chilean universities now offering law degrees, and the number of lawyers being admitted to the bar having increased by 34 per cent over the last five years.

José Luis Ilabaca, partner at DS Abogados in Chile, expects the Chilean mining, infrastructure and public works, energy, agrobusiness and fisheries sectors to show the most significant growth if Piñera's growth plans are successful. He adds: "We should expect important M&A work due to potential foreign investments, as well as mining, energy and financial work."

Ilabaca adds that, in general, legal fees have remained stable for the last few years. He adds that the Chilean legal market is growing, with "new firms formed by younger lawyers as well as the presence of international firms coming from Spain, the US and France".



Santiago, Chile: The number of lawyers being admitted to the bar in Chile increased 34 per cent in the last five years