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## Law firms into Africa

As interest in emerging African economies continues to grow, the question is whether Iberian and international law firms can help develop the local legal market



António Vicente Marques



Claudia Santos Cruz

When a country establishes itself as a new commercial and financial hub, foreign companies and their advisers soon follow. Law firms, however, find that a harder prospect, says Claudia Santos Cruz, a Mozambique-born Partner at AVM Advogados. "Emerging economies often implement strict rules on lawyers and this has been a difficult issue in places such as Brazil and India, the latter of which bans foreign firms all together."

The rationale behind this is a mixture of protectionism and fear, she adds, yet international clients expect their chosen counsel to work on transactions. Indeed, often crucial parts of deals – such as the financing – will be governed by foreign law. As such, balancing the influence of international law firms with the development of local practices is a crucial one, says Santos Cruz, and this topic is also now on the agenda in Africa. "Many African countries are booming and Portuguese firms have entered markets to service their clients."

Certain African jurisdictions remain tough markets for foreign firms to practise in. Santos Cruz, who practised in the UK for 15 years and is Senior Vice-Chair of the International Bar Association's European Forum, points to the history of London firms, which never tried to attract local clients or work from the national law firms when entering foreign markets.

"These moves were usually preceded by the needs of international clients investing in those markets but foreign law firms soon found problems and limitations imposed by local bars on entry," she says. "Unfortunately, local bar associations often view foreign lawyers as a threat and the needs of international clients wishing to instruct their own legal advisers is often neglected."

For example, even established economies such as Japan and Singapore previously forced foreign firms to deploy "joint venture" structures if they wanted to practise local law, Santos Cruz explains. Brazil, meanwhile, also prevents the practice of local law by non-Brazilian lawyers – with the exception of the Portuguese Bar Association Protocol.

### Previous experience

António Vicente Marques, AVM's Founding Partner who is based in

Angola, says that previous experience indicates that international influence can actually help local firms develop. "If you look at Portugal, there was a lot of concern 10 to 15 years ago that British firms would come into the market and sweep everyone away. This did not happen, however, and most of them preferred to work on the international aspects of deals and let the local firms handle the local work."

Portuguese firms picked-up a great deal of expertise and international know-how during this time, he explains, and now, whether it is Macau or Mozambique, Portuguese firms are generally not interested in launching full-service local practices. "They focus on small teams working on complex cross-border deals, usually in conjunction with local firms, because that is what clients want."

Foreign firms can also provide technology and training to local lawyers. So, for example, while a foreign firm may pick up the international elements of a gas project, a deeper level of local expertise allows domestic firms to provide wider day-to-day operational and functional matters, he adds.

This is similar to the situation in Angola, which was hesitant on foreign firms. However, as the market has developed and attracted more international investment, says Vicente Marques, local firms have become more accustomed to foreign practices and benefited from their input to deals.

"Countries such as China and India are very large and have different economic models than emerging economies in Africa, which are attempting to open up and attract inward investment," Santos Cruz says. "This is a big economic, political and even cultural shift for jurisdictions that have focused predominantly on the domestic market in recent years. It takes time to get comfortable with foreign investment and foreign advisers but they can help rather than hinder."

This process remains sensitive, however, especially in markets like India and Brazil, she says. But African countries are on the edge of becoming global economic players and that presents the local legal market with much more opportunities than problems.

Debido al interés de las economías emergentes en África, la cuestión es si las firmas de abogados ibéricas e internacionales son capaces de ayudar al desarrollo del mercado local. A menudo, cuando un país se establece como un nuevo mercado comercial y centro financiero, este es interesante tanto para las compañías como para sus asesores, según António Vicente Marques y Claudia Santos Cruz de AVM Advogados.