

Law firms' African expansion bodes well for continent's economies

One way to work out how well Africa may do this year is to track the progress of law firm expansion in the past year.



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South African and global law firms used 2013 to blaze a trail into Africa and the benefits of these moves, together with additional expansion, are set to flow through to economies.

One of the biggest mergers took place in June, when UK-based Norton Rose, which already has a major office in South Africa, joined forces with Houston's Fulbright & Jaworski. In one swoop the firm had a multi-office foothold across six continents, including 11 offices in the lucrative US market, for a total of 55 offices.

The benefits of such a merger are going to have important repercussions for business in Africa in the new year.

Norton Rose Fulbright South Africa MD Rob Otty says while the "global funnel" will grow even further in the future, the company's experience in Africa is contrary to general views about the market. "We have seen a big up-tick in corporate advisory and energy work," he said. "We see more expansion and don't just want to put pins in a map."

The company has used the past year to bed down its new African base office in Tanzania, with financial institutions, energy, infrastructure, mining, and commodities and transport its main areas of focus. The aim is to create "centres of excellence, rather than just rebranding (other African) firms".

According to Mr Otty, secondments out of South Africa are becoming popular, with 12 taking place in the past two years and four permanent transfers taking place to international offices.

Candidate attorneys can now spend six months in a foreign jurisdiction and it is not uncommon to see between 20 and 25 international lawyers working out of the company's offices, putting deal teams together as cross-jurisdiction jurisprudence becomes a new area of the law to regularly navigate.

He says the company is looking at opportunities in East Africa, which he sees as becoming an increasingly important hub, and expects to see more dual listings on the continent as African companies themselves look to expand.

Lavery Modise, chairman of Routledge Modise, which merged with major global firm Hogan Lovells in December, says clients increasingly want their lawyers to have a physical presence in African countries.

The majority of the firm's top 200 clients have operations in Africa, which means more lawyers from Washington or Paris are flying in to work with local teams, but these teams are now specialising and expanding to handle the work themselves.

"South Africa is still viewed as a gateway. So this merger is client-driven because clients want physical presence," he says. "Corporations want lawyers with a global reach so all their legal needs can be provided (for) throughout the world. Wherever they need lawyers, there must be a presence on the ground."

ENSAfrica CE Piet Faber says the company is "in various stages of discussions" in a number of African countries. During the course of the year, the company - Africa's biggest law firm - has been in various stages of opening offices across the continent to build on its existing network of 550 lawyers.

A concern for companies in Africa 10 years ago was that between 80% and 90% of all legal spending was leaving African shores, with the legal fees being earned by some of the global elite firms in London and Paris.

Over the years there has been a great deal of consolidation and a couple of strong firms in South Africa have emerged. He says the entry of a company such as ENSAfrica has brought charges down, as relying on the big international firms without a physical office could result in charges that were "easily two to three times higher" for elite work.

"Our entry renders legal services cheaper," he says.

Bowman Gilfillan Africa head Jonathan Lang says the group's medium-term plan is to have eight to 12 offices across Africa. It set up its fifth African office in Botswana late in 2013.

The company says it would like to have an office in Francophone Africa too, as Chinese clients look to buy mines there and to service local clients such as AngloGold Ashanti.

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