

# Firms turning focus to Singapore

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THERE is considerable interest from international law firms in growing their Singapore legal services presence.

In this article I will examine the drivers behind this trend and suggest what some of the implications might be for Australian law firms in particular.

Until recently the government of Singapore had restricted entry of foreign law firms. Many international firms have had a small presence in Singapore however the international drivers have not been as strong as we are beginning to see today.

In response the government has said it is relaxing entry conditions and in fact will be encouraging foreign law firms to use Singapore as a base for their international work across Asia. The growth in Singapore last year was more than 20 per cent and there are few if any signs of this growth slowing down.

Singapore itself is a boom economy. Added to this much of the growing corporate and commercial work from China and India is being done now in Hong Kong and Singapore.

The number of initial public offerings and other financial services work being done in China is rapidly increasing and Singapore is seen as a more stable political and financial environment to settle such work.

The international markets' concern about China's lack of traditional rule of law is driving this work to places like Hong Kong and Singapore.

Also firms that have long been in India are tending to operate out of Singapore as well, and this trend is also growing with the growing demand for legal services across Asia.

Singapore is politically stable, financially strong and for Australia, geographically close.

The other growing trend, and driver of growth for the Singapore legal services sector, is in Singapore becoming recognised as the alternate dispute resolution (ADR) centre for Asia.

The Singapore government is a strong proponent of ADR. In the early 90s they established the Singapore International Arbitration Centre (SIAC) closely followed by the establishment of the Singapore Mediation Centre (SMC).

Although more than 150 law firms around the world have a presence in Asia with more than 350 office establishments, there are currently only three large local firms in Singapore, but over 1,000 smaller law firms.

This is an environment ripe for consolidation and restructure.

With Allen & Overy's recent announcement of "tie-up talks" with the largest of the three Singapore firms Allen & Gledhill the other two firms will be natural targets to be acquired.

There will also be expat partners from the larger firms who are unsettled and open for approaches.

Also there will be a consolidation of the smaller corporate specialist firms. All these changes represent opportunities for the Australian (and other international) law firms to get a stronger foothold in the region.

Major international business law firms are interested in Australian firms, but not for the Australian market in its own right, but rather for the Asian markets they service and our natural foothold in the Asian region.

Singapore is a key and growing market in Asia, and the opportunity is at Australian firms' doorstep to strengthen their Asian presence and attractiveness to the international market through Singapore.

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