

**AG's SPEECH AT RECEPTION
HOSTED BY THE GERMAN AMBASSADOR**

25 MAY 2001

Your Excellency, Ambassador Schlegel, Dr Axel Reeg, President of the German-Singaporean Lawyers' Association, Mr Thomas Weidlich, Vice President of the German-Singaporean Lawyers' Association, Distinguished Guests, Ladies & Gentlemen:

1 I wish to thank his Excellency, Ambassador Schlegel for inviting me this evening to celebrate the establishment of the German-Singaporean Lawyers' Association in Singapore and the launch of the Association's first annual conference tomorrow. It is always a pleasure for me to be able to address members of the legal fraternity from countries who are major trading partners of and investors in Singapore.

2 I congratulate the Association for its initiative and magnificent efforts in organising the inaugural Conference. The conference brochure promises the participants a big feast on current developments in law, the global economy and economics and science and technology. It covers intellectual as well as practical subjects, such as the state of the economies of EU countries and those of Southeast Asia and developments in global financial services to the developments in the life sciences, and the workings of the common law and the civil law legal systems, etc. The programme reflects the wide-ranging knowledge that lawyers today must have of current developments in the global economy and science and technology in order to compete in a fast changing environment.

3 Singapore has a vested interest in the presence of German lawyers in Singapore, the bigger the presence the better. The need for legal services in German or European Community law in Singapore reflects the reach of the German economy and the economic and cultural benefits that can accrue to Singapore from German investments in Singapore. The Singapore Government has welcomed and continues to welcome German law firms and lawyers to set up law practices in Singapore to supply the legal needs of German companies and organisations operating in the region. Singapore lawyers share the same interest in enabling German lawyers to contribute to the development of the legal services sector in Singapore. In this respect, the formation of the German-Singaporean Lawyers' Association and the commendable objectives it seeks to achieve will strengthen their Singapore connections.

4 Singapore Ministers have on various occasions acknowledged that Singapore is Germany's most important trading partner in South East Asia just as Germany is Singapore's largest European trading partner, accounting for over 20% of our total trade with the European Union. The German business community is one of the largest and most influential in Singapore numbering over 3,000 strong and with more than 600 companies. The bilateral relationship between the two countries rests on a very strong economic foundation, supported by a number of bilateral forums and institutions such as the German-Singapore Business Forum, the German-Singapore Technical Co-operation Programme, the German-Singapore Environment Technology Agency and the German-Singapore Enhanced Partnership Declaration. All of them have strengthened and will continue to give a strong impetus to the already close co-operation in trade and

investment, education, culture, protection of the environment, science and technology, transport and technical co-operation in third countries.

5 Germany's importance to the Singapore economy is also reflected by the size of its legal representation in Singapore. Germany has the largest number of lawyers in Singapore among the continental European countries. Currently, there are 6 German law firms with a total of 12 lawyers resident in Singapore. Another 3 are practising with non-German law firms. This number pales in comparison to the 22 UK law firms and more than 285 English lawyers registered to practise foreign law in Singapore. The causes of this great disparity are well known. But we also know there is not much we can do to redress the imbalance for some time yet. English lawyers have also invaded the European continent. The clash of legal cultures has not prevented English and US law firms from merging with or taking over German law firms. Many German lawyers have wondered how their law firms will survive the legal universe of a global financial system that is dominated by US and English law firms, much less succeed. I understand that German lawyers are not giving up the fight. They are forming alliances with lawyers in other EU countries. For example, last year 15 European law firms from 14 European countries joined forces and created an alliance (called Commercial Law Affiliates) of 1,250 lawyers as a way to reverse the merger or MDI model that would result in European law firms losing control of their own destinies.

6 How can we in Singapore help German law firms to expand their law practices in or from Singapore? In the current financial and business environment, very little, unless we are able to attract more German investments. We can, of course, give them special privileges, fiscal or otherwise, but they are difficult to justify and in any case may

be short-lived, because of WTO and GATS. German lawyers, even if they are allowed to practise Singapore law, would not want to do so directly as it would require them to re-qualify in Singapore law. It is not an economic proposition, given the limited size of the legal services sector in Singapore law. They may want to do so indirectly, by employing Singapore lawyers to provide the services. This is possible, but not feasible for various reasons. The main reason is that we will have to treat all foreign lawyers equally. If we do that, German lawyers will not be able to obtain extra mileage from this engine of growth. Perhaps, we can help by refining and narrowing the scope of what is regarded as practising law. So writing letters of demand for German creditors is not necessarily practising law. This is an area where the Association may be able to suggest a workable solution. I hope we can do more to encourage a bigger infusion of German legal talent into our legal services sector in the future.

7 There is, of course, one potential development that should greatly benefit German lawyers, and indeed all European lawyers throughout the world. The major German and other European financial institutions are already doing business in Singapore. What is needed here is the use of German law or EU law as the governing law in international financial transactions. But this requires the confluence of at least 3 factors. The first is that the Euro must become a major currency in international financings alongside the US dollar. The second is that the providers of finance, or the arrangers and the packagers thereof and the ultimate investors in the capital markets, must have confidence in the ability of German or EU laws and legal systems to protect investors' rights and interests when disputes arise or borrowers become insolvent. The legal outcomes must be seen or accepted as quick,

certain and predictable. The third is that there must be confidence in the capability of German lawyers to provide legal services in scope, quality and price that can match those of US or English lawyers. I believe that it is only in these circumstances that German or European law firms can emerge as a powerful and influential force in global financing. Even then, the task of catching up is formidable as the common law lawyers would have on their side the advantages of accumulated experience, expertise and connections.

8 For Singapore, any demand for legal services in German or European laws for Euro financing will have to be met by offshore law firms having capability in those laws. Will this come about, and if so, when? I don't think anybody here this evening will be bold enough to give an answer to the second part of the question. There is a German proverb that says "Destiny leads the willing, but drives the unwilling." Whatever may be the German worldview with respect to the globalisation of financial services, and its supporting legal services, German lawyers at home and in Singapore will have to live in hope that one day, but soon, it will happen. For Singapore lawyers, the truth is that it does not make much difference to them whether it happens now or later or not, except perhaps that if and when it happens, they can drive a better bargain when negotiating JLVs or FLAs with US and English law firms.

9 But this is not to say that we should have a lesser interest in their role as suppliers of legal services or in the promotion of better understanding between our respective peoples. I continue to look forward to closer collaboration between German and Singapore law firms and lawyers. It may interest those present here to know that

Singapore has been playing the role of, it is hoped, a significant incubator of German lawyers with a deep understanding and appreciation of the social and cultural values and mores of the various countries in the region. Between 1995 and April 2001, Singapore and foreign law firms, companies and diplomatic missions have sponsored training attachments for 123 German law students in Singapore. I hope to see an increase in the number of such attachments in the future as it is a convenient way to foster the spirit of mutual understanding that the Association seeks to achieve.

10 The financial viability of German law firms in Singapore is vital to them and important to us. They might wish to consider whether entering into alliances with Singapore law firms would help to consolidate their presence in Singapore. Even if an alliance may not produce more revenue, it may result in more net income through the reduction of annual overheads. It will certainly result in a cross-fertilisation of ideas and values and lead to a better understanding of each other's legal culture and practices, and that is no small matter if it expands to a better mutual understanding and tolerance of the social, cultural and political values of our respective peoples.

11 The German-Singaporean Lawyers Association seeks little in the way of professional advancement of its members. This is admirable in spirit. It is also realistic in approach as there is another German proverb that says: "He who begins much ends little." I wish the Association Godspeed.