



SINGAPORE

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MANAGING PARTNER, **LOO & PARTNERS**

- COMPETITION FOR LEGAL WORK TO INCREASE
- OPERATIONAL EXPENSES FOR FIRMS TO BE MORE MANAGEABLE



Despite America's US\$700bn rescue package and the strong pledges of the G7 finance ministers to stabilise the global financial markets, market sentiments across the globe have not lifted.

As an open economy, Singapore is certainly not isolated from the current global financial tsunami, the worst the world has ever seen since the Great Depression. The benchmark Straits Times Index has fallen from a high of 3,831 on 11 October 2007 to below 1,800 as at 24 October 2008. Singapore has also entered its first technical recession with two consecutive quarters of negative growth since 2007. Against this backdrop, 2009 will certainly not be a bed of roses for Singapore law firms.

Commercial property prices and rentals will continue their downward trends. Salary increases for legal and support staff will be moderate, if any. Most local law firms will freeze or scale down their recruitment drives. Foreign law firms' plans to expand their presence in Singapore by capitalising on Singapore's liberalisation initiative regarding the legal industry will also slow down.

All in all, the costs of operating a business will likely be more manageable in 2009. Thus, there will be less justification for law firms to increase their billing rates.

As the pie gets smaller, competition for work will become more intense. General practitioners will feel the heat more than specialist practitioners. Adverse business and public sentiment overall will see a drop in work in certain areas, for instance real estate work (as there are less purchases), IPOs (as the IPO aspirants are holding back their listing plans) and general banking work (as banks are cutting down on new loans).

Be that as it may, every cloud has its silver lining and there will be an increase in work for the legal profession in certain areas. These include M&As (as shrewd and deep-pocketed investors seize acquisition opportunities), corporate restructuring (as corporate entities streamline their financial and operational structures), corporate insolvency (as we see more corporate failures) and governance and compliance work (as authorities respond to the present crisis with a flood of new regulations and compliance directives).