

Nimble S'pore law firms can compete with foreign ones: Shanmugam

By Chew Xiang

xchew@sph.com.sg

LOOMING competition from mega international law firms will be fierce, but Singapore law firms that are nimble and make the right moves will be able to compete, Law Minister K Shanmugam said yesterday.

He was speaking at a dialogue session with law students at Singapore Management University and later opened an internship fair for the students, attended by more than 20 law firms.

"I used to say, partly as a joke, that one month's cash flow from these top international law firms would probably buy two or three of our top law firms," he quipped.

"So the financial resources are vastly different. The ability to take losses and carry losses, and take strategic decisions, are also very different.

"It is going to be tough for law firms. But I do believe if they sensibly structure themselves – if they think about it carefully and decide to take the right steps – some of them will be able to compete."

In December 2008, the government awarded six international law firms licences to practise in most areas of Singapore law under the Qualifying Foreign Law Practice (QFLP) scheme.

All areas are permitted except domestic areas of litigation and general practice – for example, criminal law, retail conveyancing, family law and administrative law.

While these restrictions should help smaller law firms, whether they pull through "does depend on them being nimble, on them being very strategic and clear sighted", Mr Shanmugam said.

One perennial bugbear – a chronic shortage of lawyers – is likely to abate amid the worsening economic climate, he added.

"We know this situation has eased a little bit, given the economic situation; but today at the internship fair, I spoke with many law firms and they are all continuing to hire, albeit they are more cautious," he said.

The "shortage is not going to disappear overnight" but the Ministry of Law has been contacted by many Singaporeans who have gone overseas to study law, following the recent decision to scrap the Graduate Diploma in Singapore law requirement and ease restrictions on graduates of foreign law schools with second-lower degrees, Mr Shanmugam said.

"We have had a lot of contact from Singaporeans overseas in the past week who have expressed a great deal of interest in finding out about the changes that have been made, and expressing an interest in coming back," he said.