

MINISTRY OF LAW COMMITTEE OF SUPPLY 2017

HEAD R

PARLIAMENT, 3 MARCH 2017

RESPONSE BY

MINISTER FOR LAW, MR K SHANMUGAM SC

Madam Chairman,

1. I thank the Members who spoke.
2. Fundamentally, in the areas of law and justice, we rank well because of our strong societal and institutional foundations.
3. In terms of commitment to the rule of law, we are number one in Asia, as ranked by the World Justice Project's Rule of Law Index (2016), and the Asian Intelligence Report's Corruption Perception Index (2017).
4. With that as the backdrop, let me now speak about the legal sector.
5. Like many other sectors, the legal sector faces some challenges. I will touch on what we are doing to make Singapore a leading legal hub, and to support the legal industry.

I. SUPPORTING THE LEGAL INDUSTRY

A. DISPUTE RESOLUTION HUB

6. First, on strengthening our status as a dispute resolution hub.

1. **INSTITUTIONS AND FRAMEWORKS**

7. I thank Mr de Souza for noting the many good initiatives that really enhance our reputation and standing as a dispute resolution hub.

8. Over the years, we have systematically built up our dispute resolution capabilities.

9. We are now among the top five most preferred seats of arbitration in the world.

10. We have well-regarded institutions which offer a suite of top-quality dispute resolution services, such as:

(i) Singapore International Arbitration Centre (“SIAC”);

(ii) Singapore International Mediation Centre (“SIMC”); and

(iii) Singapore International Commercial Court (“SICC”).

11. Over the past year, we have further strengthened our position:

(a) We have ratified the Hague Convention on Choice of Court Agreements. This enhances the enforceability of Singapore Court judgments.

(b) We have enacted a new Mediation Act to strengthen the enforceability of mediated settlements.

(c) And we have introduced a third-party funding framework to give businesses additional financing options for international commercial arbitration.

12. We are also continuing to grow dispute resolution activities in Singapore.

(a) We are refurbishing the Red Dot Traffic building and

(b) Expanding the premises of Maxwell Chambers.

13. This will increase the capacity of Maxwell Chambers; we can have more hearings there.

14. It will also help attract more international institutions, arbitration chambers, and law firms to do that kind of work in Singapore.

2. **PROMOTING THE USE OF SINGAPORE LAW**

15. Second, on the promotion and use of Singapore law.

16. Our legal sector can benefit from the promotion of Singapore law in the region.

17. Today, we do see an increasing use of Singapore law in cross-border transactions in this region.

18. Singapore law is one of the default options in some Baltic and International Maritime Council standard forms.

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19. Growth in this trend must come from businesses, led by parties and industries. They will benefit from the emergence of a default Asian law.

20. My Ministry has also financially supported the development of centres of excellence as an added factor, specialising in a number of areas, including regional law.

21. To name a few:

(a) the Centre for Asian Legal Studies;

- (b) the Centre for Banking and Finance Law; and
- (c) the Centre for Law and Business.

22. These institutions will help:

- (a) To grow Singapore's reputation as a thought leader in the law;
- (b) Anchor regional legal expertise in Singapore; and
- (c) Strengthen the recognition and use of Singapore law.

B. REGIONALISATION

23. Ms Rahayu asked –

If Singapore Law Practices (“SLPs”) could be made aware of emerging markets, and the concrete steps SLPs can take to be part of those markets.

24. There are a number of schemes available to assist SLPs in regionalisation.

For example:

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- (a) IE Singapore's Global Company Partnership scheme. It provides support, including financial support, to SLPs to build market expertise via secondments to other places.
- (b) IE also has a Double Tax Deduction for Internationalisation. It allows our law firms to deduct the expenses for overseas business development and investment study trips, against taxable income.

25. My Ministry will continue working with the relevant economic agencies, to support SLPs in their growth plans and regionalisation efforts, because we have to look outside Singapore.

C. CENTRE FOR INTERNATIONAL DEBT RESTRUCTURING

26. We are also looking to establish ourselves as a centre for international debt restructuring in Asia.

27. We are well positioned to do that, because:

(a) We are a major financial, legal and business hub.

(b) We have the expertise, efficiency and legal framework

(c) We can facilitate complex cross-border restructuring.

28. My Ministry has therefore worked with the Ministry of Finance on the Companies (Amendment) Bill. That will enhance Singapore's debt restructuring processes.

29. We are also working with parties from the public and private sectors to:

(a) promote our debt restructuring regime;

(b) attract other influential players to base themselves in Singapore;
and

(c) develop multi-disciplinary training and education for professionals in the industry.

D. DEVELOPING NEW LEGAL PRACTICE AREAS

30. Beyond dispute resolution and restructuring, we are looking to develop and grow new practice areas.
31. More will be shared when the Committee on the Future Economy Working Group on Legal & Accounting Services releases its report in April.
32. We will also continue to work on intellectual property (IP) as a growth area.
33. It is important that the IP regime allows businesses to develop and commercialise IP in a cost-effective way.
34. So we are considering ways to improve to our IP dispute resolution mechanism, and we are considering the recommendations made by the IP Dispute Resolution Committee.

E. STRENGTHENING THE LEGAL INDUSTRY THROUGH EMBRACING AND LEVERAGING ON TECHNOLOGY

35. Finally we will also support SLPs on technology.
36. Ms Rahayu asked about the study my Ministry did with the Law Society to identify the technology and capability needs of small and medium SLPs.
37. The study identified technology adoption as a key area of development for SLPs.
38. The larger firms are able to invest the money. Some firms, especially the smaller firms, have challenges in keeping up, making the investments, with rapidly-changing technological advancements.
39. So we have worked with the Law Society and SPRING, and we have kick-started the adoption of technology by SLPs.

40. Earlier this week, we launched the “Tech Start for Law” programme. This will provide SLPs with support of up to 70% of the cost to adopt basic technology products for practice management, online legal research and online marketing.
41. We hope that the SLPs will take advantage of it, and my Ministry will go out with the message as aggressively as possible.
42. Other than legal technology adoption, my Ministry is also working with the Singapore Academy of Law, the Law Society, the Courts, and a number of economic agencies on several other aspects relating to technology.
43. For example -
- (a) We want to develop an ecosystem to accelerate the creation and adoption of legal technology.
 - (b) We want to study the feasibility of online dispute resolution and setting up such platforms.
 - (c) In addition, we will also review our regulations to ensure that they facilitate innovation, and the development of legal technology solutions.

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II. CONCLUSION

44. I have outlined, not all, but some of the ways in which my Ministry is working to support the legal industry.
45. We will provide the necessary partnership, framework, support and incentives.

46. The legal profession and the private sector have to come into that partnership, embrace the changes, grasp the opportunities – some of it is disruptive. They really have to keep up with developments in ASEAN and beyond, strive to understand the regional market, and distinguish themselves by the quality of their work and their business acumen – because a fair part of the law is becoming commoditised through technology.
47. Together, we can ensure that our legal industry remains vibrant and competitive in the years ahead.
48. Thank you.

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