Local law firm scores a first for Asia

SINGAPORE law firm Tan Peng Chin LLC has become the first Asian law firm to join the leading European network of companies providing legal services.

Tan Peng Chin LLC announced yesterday its membership — with effect from last month — as a "foreign correspondent" of Brussels-based Eurojuris.

Mr Tan Peng Chin, who set up his law firm in 1994, said the move would open doors to the European market.

"For example, when a German or Swiss company needs to do something in Singapore or in South-east Asia, we can be the ones to advise them," he said.

Conversely, Singapore companies looking to do business in Europe could tap on Tan Peng Chin LLC's connections to ease their entry into those markets, he added.

As with its full-fledged members in the European Union (EU), Eurojuris' foreign correspondents are held to a binding set of quality standards.

Eurojuris spokesman Christophe Marfoutine told TODAY the network had to be expanded to firms outside Europe since the "globalisation of the economy is a reality that Eurojuris cannot ignore".

> **The globalisation of the economy is a reality that Eurojuris cannot ignore.**
>
> — Eurojuris spokesman Christophe Marfoutine

He added: "With the developing of the international exchanges, legal cases become more and more global. But the real added value of the reinforcement of our network abroad is the level of quality of the correspondents."

Mr Tan told TODAY that Eurojuris representatives approached his law firm to join the network when it was in town during the International Bar Association Conference last October.

Eurojuris has its origins in the late 1980s as a link-up between law firms in Belgium, France and Britain.

Faced with competition from large, international law firms, the grouping of mid-sized law firms grew quickly across the continent.

In 1993, it became a formal network following the creation of a single EU market.

Today, it has 650 members across 610 cities in 30 European countries, as well as 34 correspondent law firms in South and North America, Eastern Europe and one in Asia. — LOH CHEE KONG

A closer watch on SWFs at home?

MPs ask about MOF's stewardship and disclosure by Temasek and GIC

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WHILE the outside world continues to pressure sovereign wealth funds (SWFs) to disclose more, some at home are making similar calls and wondering if the Government ought to play a more active role in overseeing the GIC (Government of Singapore Investment Corp) and Temasek Holdings.

TODAY FILE PHOTO

"I feel that the Ministry of Finance (MOF) needs to better manage the two SWFs to protect our reserves," said Member of Parliament Inderjit Singh (picture).

Among the seven MPs who spoke during yesterday's debate on the MOF's budget, he and Non-Constituency MP (NCMP) Sylvia Lim raised questions over Singapore's SWFs. Concerned about the two SWFs becoming "over-invested" in the global financial sector, Mr Singh said the MOF's "current hands-off approach" resulted in GIC and Temasek recently pouring billions into Western banks. These massive investments are "over and above Temasek's substantial stakes in DBS and Standard Chartered Bank", he said.

Why not channel part of the money into agriculture-related companies, suggested Mr Singh, for the sake of a balanced portfolio and in the light of rising commodity prices? "My point is, some rationalisation needs to be made for both GIC and Temasek to have some coordinated pattern of investment, and the MOF is best positioned to do this," he said.

In response, Minister of State for Finance Lim Hwee Hua said the present level of oversight was adequate. Currently, the MOF ensures that the two investment agencies have "competent boards", besides reviewing regular reports about their overall investment performance, portfolio risk profile and risk management.

"This is the right balance when exercising oversight. The danger of any higher level of oversight is that the Government could end up micro-managing," Mrs Lim said, adding that would result in people having the mistaken notion that the state influences the funds' investment decisions. GIC and Temasek already have diversified portfolios, she added.

The other SWF-related question Mrs Lim had to tackle was about transparency. The Worker's Party's Ms Lim, wanting to know what kind of information GIC and Temasek planned to disclose more on, quoted Minister Mentor Lee Kuan Yew's recent remarks about there being limits to what the two would reveal.

Mr Lee, who is also GIC chairman, said in January: "We're not going to disclose just how much year by year we make or we lose because that's none of their business. What they want to know is 'Are we manipulating the market?'"

Yesterday, the NCMP said: "Even if it's none of 'their' business to know what GIC makes year by year, surely it's the business of Singaporeans to know this."

Mrs Lim replied that GIC was working with the MOF on a public document that would further clarify the fund manager's processes, governance and investment purposes. She added, however, that producing more information should not compromise the investment agencies' competitiveness in the global market.

FINANCE SNIPPETS

ON GOVERNMENT OUTSOURCING

About a third of Government contracts outsourced last year did not go to the lowest bidders, Minister of State for Finance Lim Hwee Hua said, adding: "The Government is mindful not to turn best sourcing into cheap sourcing." In addition, outsourcing accounted for some one-third of the 4,000 jobs cut between 2004 and 2006. But as there is a limit to how much more the Public Service can reduce manpower, Mrs Lim said ministries and statutory boards would now be allowed to increase headcount in line with the overall growth rate of the resident labour force.

ON FINANCIAL REPORTING

The Accountant-General's Department and the Finance Ministry are "discussing" the People's Association's (PA) practice not to consolidate the accounts of grassroots organisations. Minister of State for Finance Lim Hwee Hua, replying to a question from Worker's Party chief Low Thia Khiang, said the non-consolidation is due to several reasons. Firstly, the funds in the accounts belong to the grassroots organisations. Secondly, the Government grants and cost of staff support are already factored into the PA's financial statements.

ON R&D GRANTS

The Finance Ministry is working with the taxman to issue guidelines to clarify how the new research and development incentives work. This is in the light of complaints by several companies and Members of Parliament that the R&D definition is narrow and favours high-technology product firms. Minister of State for Finance Lim Hwee Hua said the current definition covers both manufacturing and services businesses and is consistent with that used in countries such as Britain and Ireland.