

ASIA BUSINESS LAW JOURNAL

LEGAL INTELLIGENCE FOR IN-HOUSE COUNSEL

Special Edition
DEALS OF THE YEAR



What's ahead?

Cool heads
on key issues in
Year of the Rooster

Inaugural Deals of the Year awards

Cloudy outlook for regional trade pacts

Under new management: FDI in China

In-house Agenda: What's on in Asia



*By Ronnie Tan
Central Chambers
Law Corporation*

Singapore's conduit to overseas opportunities

Singapore government agencies and organisations involved in promoting commercial and business activities have made connections with their counterparts in other jurisdictions and are coming up with practical initiatives.

With expected headwinds in the world economy, trade federations such as the Singapore Manufacturing Federation (SMF) have made significant inroads into the European market by establishing the Enterprise Europe Network (EEN) Singapore last year.

The EEN is a co-operative network spanning 64 countries, 600 organisations and several million enterprises. It was set up under the European Commission's Agency for Small and Medium Industries to promote two-way business between the EU and the rest of the world. The EEN Singapore was formed as a Consortium by the SMF as the lead manager and secretariat with International Enterprise Singapore (IE Singapore) and Intellectual Property Intermediary (IPI) Singapore, both of which are under Singapore's Ministry of Trade and Industry.

Encouraging collaboration and partnerships is a key SMF-led strategy for helping companies explore and establish their presence abroad. This is done by bringing companies out of Singapore, or connecting overseas businesses with Singapore companies. Through the EEN initiative, a huge database of participating companies and businesses from Singapore and the EU countries has been created. The list of potential match-ups runs from Austria,

Belgium, Bulgaria, Croatia, Cyprus, France, Finland and Germany, all the way to Turkey.

In all, there are about 29 listed countries, not counting the UK, which is sorting out the implications of Brexit. Central Chambers Law Corporation has been handling the legal work of the SMF and the commercial affairs of their small and medium enterprise (SME) members.

The initiative enables Singapore-registered companies to register their interests to collaborate on the EEN Singapore website. Following that, EEN Singapore will identify and match potential businesses for companies to collaborate with. Singapore companies can join the network at no cost, and to date some 380 companies have registered. Based on available figures, almost 50 have been successfully matched with business partners in the EU through B2B brokerage events held in Singapore and the EU. The areas of match-ups include aeronautics, agriculture, biosciences, diagnostics, medical, energy and marine industry.

These efforts to expand overseas are motivated by growing challenges for Singapore companies facing high business costs, a tight labour pool and an expected global slowdown. There is a need to actively seek the business opportunities beyond existing markets.

SMF president Douglas Foo says the EEN initiative "is a key and practical platform that can assist Singapore companies to collaborate with EU companies on specific business projects and technology. Through the EEN

database, we can actively assist companies in Singapore to find business partners with EU companies to form various business and technology collaborations."

Singapore-registered companies can tap on the free business connections and services that the EEN can provide by registering online via the Singapore's website: www.een-singapore.sg.

For legal practitioners, these collaborations inevitably create cross-border M&A opportunities, as well as potential joint venture agreements. Lawyers involved in such commercial work recognize that there is always the possibility of bringing the business relationship to another level, and will go through the risk assessment procedures with Singapore companies and ensure that due diligence is conducted at every possible level. While commercial due diligence is mainly carried out by the clients themselves, lawyers get involved with legal and financial due diligence (to an extent), as financial assessments are normally done by accounting experts.

Legal due diligence involves various aspects, especially when companies enter into cross-border M&A activity. An important and vital aspect is to check what the other company has done or has been involved with

RECENTLY, GOVERNMENT POLICY REGARDING CASH POOLING HAS BECOME QUITE STRINGENT

in other jurisdictions, and to involve another lawyer in that particular jurisdiction to assist in legal due diligence matters.

In the wake of the Trans-Pacific Partnership's (TPP) imminent abandonment by the US, as a new US-led presidency takes the helm, there will be anticipated shifts in trade patterns and developing commercial influences. While the complete picture is yet to develop, agencies like the SMF have been playing their part to open up Singapore as the gateway to Asia.

RONNIE TAN is managing director of *Central Chambers Law Corporation*. **SARA LIEW**, equity director at the practice, also contributed to this article.