

With us magazine: working across Asia Pacific

04 OCTOBER 2016

CATEGORY:
FEATURE

CLIENT TYPES:
HIGH-NET-WORTH INDIVIDUALS



The Pacific Rim region is the financial success story of the 21st Century and with a network of offices criss-crossing this vibrant arena, Withers is equipped to advise businesses and individuals on the world of trans-Pacific opportunity.

A new financial picture

The Pacific Rim is a hugely important economic and geographic area. It accounts for almost 50 percent of world trade and almost 45 percent of the world's population. It's a primary focus for trade, investment and economic development opportunities.

The region's coming of age is a phenomenon that's redrawing the world financial map. A massive shift in wealth from west to east has gradually taken place, to the extent that Asia-Pacific is now firmly on track to overtake North America as the world's richest region.

"Private wealth across Asia-Pacific increased by almost a third last year, to reach nearly US\$50 trillion. This is expected to rise at a dizzying rate, as economies across the region expand and businesses and investors from around the world increase their involvement in the area. We are very excited at the opportunity to be a part of this story, and have worked hard to establish ourselves across the key locations in the region, peopled with legal experts who can help our clients to harness the potential of Asia-Pacific," says Withers' Asia Senior Partner Sharon Ser.

Creating regional cohesion

This dramatic redistribution of global wealth has been brought into focus by the agreement in October 2015 of the Trans-Pacific Partnership (TPP), billed as the 'biggest trade deal in a generation'. International investment law adviser Hussein Haeri explains: "The TPP was signed by 12 countries in the Americas, Asia and Australasia, representing 40 percent of the global economy. The agreement covers a vast array of trade, investment and regulatory issues – including lower trade tariffs across the region. It also contains a mechanism for investors and states to resolve disputes through international arbitration." Hussein adds: "The TPP marks the first significant regional agreement of its kind between Pacific Rim nations, and right now the full impact of it is yet to be fully appreciated around the world. Critics have said that the negotiation process was secretive, whilst supporters are hailing the more open trading environment across the region and the freer transfer of digital data. What is clear is that it hails a new era in Asia-Pacific."

Wealth on the move

Robert Williams, head of Withers' Asia Pacific Hotels practice, says: "The flow of capital investment and people across the region is a longstanding feature of the hotels sector in Asia, where I spend the majority of my time. But that is of course also true more broadly. Asian capital has never been more mobile."

Dividing his time between Sydney and Singapore, Robert sees wealthy Asian individuals and businesses choosing Australia as a stable, secure jurisdiction in which to invest and live. "Economic stability, regulatory certainty, relative security and first class education options are all drivers. Australia is an attractive place to be for successful individuals and businesses from across Asia."

The right approach to growth

Withers has been investing in the Pacific Rim region for years, building a network of offices that now crosses the Pacific – from Singapore, Tokyo, Hong Kong and Sydney to Los Angeles, San Diego, Rancho Santa Fe and San Francisco.

Speaking from Withers' Singapore office, newly expanded through an alliance with KhattarWong, Withers' new Head of Corporate Tax in Asia,

Eric Roose, puts his role into perspective: “In recent years, the massive increase in corporate activity across this region has really picked up momentum. And in step with this trend, we’ve been seeing quickening interest from Asian investors in opportunities on the other side of the Pacific, as well as intra-regional investment. My appointment, along with the arrival of my team in Tokyo, crystallises the significance of these developments. It means we’re now able to advise clients – businesses, family offices and entrepreneurs – on region-wide transactions of every kind.”

Eric adds: “Japan was, in many ways, an obvious choice for Withers. As well as being the second-largest nation in the world by national wealth, and home to many of the world’s leading manufacturers and tech businesses, the Tokyo area has the largest metropolitan economy in the world and the largest number of US dollar millionaire residents, at over 460,000.”

Digital drivers

On the other side of the Pacific, San Francisco and nearby Silicon Valley are home to the largest population of ultra-high net worth individuals in the US, and are amongst the most vibrant and interconnected commercial and financial centres in the world. The city is also a cultural melting pot, even by US standards: almost 40 percent of its residents were born overseas.

“We have witnessed a new east-west trend here that’s gathering momentum all the time: technology entrepreneurship and portfolio investments from Asia are coming to California. Looking to gain a foothold in Silicon Valley, some of Asia-Pacific’s most successful technology companies have been investing significant amounts in a number of high-profile deals,” says San Francisco-based Corporate partner Nancy Yamaguchi.

Nancy adds: “Softbank, Alibaba and Tencent Holdings are just three of the Asian giants to have set up US investment offices and hired US-based investors as they eye up opportunities in mobile, gaming, e-commerce and payment technologies. Asian companies and investors are now assuming more of a headline role in US deals. In 2014, this saw them ‘leading’ 29 US deals involving venture capital firms, compared with none just five years before.”

The hub factor

Located in one of the fastest growing and most dynamic financial, commercial and legal centres in the world, Singapore is without doubt one of the principal hubs driving the growth of the wider Asia-Pacific economy and the region’s alliances. What’s more, Singapore remains one of the most popular places to live in the region and has a very strong education sector.

Winston Seow, who heads up the corporate practice at Withers KhattarWong, explains: “Singapore has a long history as South East Asia’s main trading centre and, with a populace that has been drawn from countries across Asia, Singapore’s business community has strong links with all of the leading economies in the wider region. The government has prioritised strong relationships with its partners in Asia-Pacific, and has taken major steps to develop and secure Singapore’s position as a leading regional force.”

“Singapore has the region’s second-highest density of high-net worth individuals, and this concentration has attracted a finance sector that has developed an unstoppable momentum. This, in turn, has led major nearby emerging economies, such as Malaysia and Indonesia, to use Singapore as their primary centre for financing and deal-making,” adds Winston.

A small island in a sea of opportunity

Hong Kong is one of the world’s most entrepreneurial and vibrant financial centres; the gateway to Mainland China; and an established hub for trans-Pacific business and regional business activity. Denis Petkovic is a corporate partner in the firm’s Hong Kong office, working closely with banks, investors and family offices.

He describes his experience of the region: “Hong Kong has only grown in size and importance since the handover in 1997 and since our office was first opened in 2008. The city now has probably the highest density of high-net worth individuals in the whole of Asia, and there continues to be exceptional and growing demand for premium advice on international tax, trust and corporate issues.”

“Of course, one of the principal reasons for Hong Kong’s commercial significance remains its special relationship with the People’s Republic of China. The tax, dispute resolution, banking, trading and governance treaties with the PRC have helped to maintain the city’s principal role as the conduit for funds coming into and out of the PRC, including being the first port of call for the current massive flow of capital from China to the outside world. These funds are flowing into property, listed securities and alternative asset classes and we expect this growth to continue.”

Looking to the future

With offices across the key financial centres around this region, Withers has created a network of advisers that can assist clients – from companies and investors to family offices and entrepreneurs – seeking to capitalise on the breakneck economic growth that’s synonymous with the Pacific Rim.

Whether it’s the ever more mobile Asian private wealth sector, US-based businesses targeting opportunities in Asia or, increasingly, Asia-Pacific investors looking for tech investments in Silicon Valley and beyond, it promises to be a region of almost limitless potential.

Authors

Eric N. Roose

PARTNER | TOKYO, SINGAPORE

Private client and tax

 +81 3 3500 3752 or +65 6922 3726

 eric.roose@witherskhattarwong.com

Nancy Muller

HEAD OF ADMINISTRATION | SAN FRANCISCO

Business services

 +1 415 872 3237

 nancy.muller@withersworldwide.com

Robert Williams

PARTNER | SYDNEY, SINGAPORE

Real estate

 +61 2 9276 7618

 robert.williams@withersworldwide.com