

Where Chinese legal eagles dare to soar

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By Ariel Tung (China Daily)



Yingke's Linda Yang and Mei Xiangrong cut the ribbon at the opening ceremony of its New York office last month. Provided to China Daily

Common culture draws clients to law firms

As Chinese investors expand their foothold in the United States, a number of law firms based in China are sprouting up in the US.

Chinese direct investment in the US is more than doubling annually, says the Asia Society's Center on US-China Relations and the Kissinger Institute on China and the United States. This creates a niche market for law firms based in China that have branched out to the US in recent years.

On Feb 23 Yingke Law Firm, based in Beijing, officially opened an office in New York with a celebration at The Down Town Association, a prestigious social club located in Lower Manhattan. The New York office is managed by Zoe Qiao, a managing partner.

"More and more Chinese companies are investing in the US," says Mei Xiangrong, Yingke's managing director. "Chinese media are increasing their presence here; Chinese lawyers need to be here too."

On the other hand, a homegrown New York law firm, Dai & Associates, doubled the number of its staff between 2008 and 2010 because of the steady flow of Chinese investment into the US.

Founded in 2002 by Dai Shang, a lawyer born in China, the company's main goal is to serve the legal needs of companies based in China expanding into the US.

The China business of Dai & Associates has risen 320 percent in each of the past two years.

About 100 individuals and businesses from various sectors attended the Yingke event, including Morgan Stanley, UBS, Industrial and Commercial Bank of China Ltd and Bank of Communications Co.

George Pataki, a former governor of New York, was a guest speaker at the celebration; and Yingke also gained the support of the office of the Mayor of New York, Michael Bloomberg.

Mei explains why there is a niche market for firms like Yingke. "We understand Chinese culture. We understand both the US and Chinese legal environments. Western companies may not understand the Chinese legal system as well as us."

Yingke, founded in 2001, has 2,000 lawyers in its offices worldwide. It is present in 14 big Chinese cities, in other parts of Asia, and in Europe.

Linda Yang, in charge of the international affairs department at Yingke, says Chinese law firms like it act as a bridge for many of these Chinese businesses going overseas, helping them overcome language and cultural barriers. Many of these Chinese entrepreneurs do not speak English.

Although the New York branch of Jun He Law Offices, based in Beijing, was originally set up in 1993 to help Western investors enter China, the company has begun to see a new trend - Chinese companies buying assets in the US and Europe.

"Because of the financial crisis, the prices of assets are depressed in Europe and the US," says Alex Yong, a partner at Jun He Law Offices' New York branch. "We see Chinese deals every day in Europe."

Jun He recently secured a deal to help Zhanjiang Guolian Aquatic Products Co of Guangdong buy Sunnyvale Seafood Corp in northern California.

The company also represented Softbank China Venture Capital in buying shares in a US company, and helped Sichuan Tengzhong Heavy Industrial Machinery Co to in its bid buy the Hummer brand and technologies from General Motors Corp.

Besides helping Chinese businesses with their legal needs, these law firms would introduce potential US partners to them.

"We have been here for a long time," says Yong in his office at Rockefeller Plaza in midtown Manhattan. "We know the US market. We know firms and individuals here."

Jun He's New York office has only six full-time employees. Although Yingke and Jun He maintain small offices in New York, they are also expanding to other US cities.

In 2010 Jun He set up a branch office in Silicon Valley, California. Yingke plans to set up offices in Los Angeles and Chicago in the second half of the year.

Edward Normandin, partner at Pryor Cashman LLP, which is based in the US, says these Chinese law firms, which are not large enough to perform extensive legal services, often refer work to US law firms with which they have established a close relationship.

Pryor began its China practice in 2006 to focus on working with businesses based in China in their US acquisitions but does not have a branch office in China.

"We don't feel we are competing with them but complementing each other," Normandin says.

"We often handle the work in which they don't yet have the full capacity to address. And they give us easy access to legal support for our US clients in China."

Other law firms based in China that have recently set up their operations in the US include Dacheng Law Offices, Deheng Law Firm and King & Wood.

"These Chinese clients let their Chinese law firms worry about choosing local experts to handle the transactions," Normandin says. "It's the comfort they get from working with Chinese law firms."

Dai & Associates was one of the first law firms to enter the market in 2002, when there was not that much direct investment into the US.

"I thought there is a niche market that can be served by a leading law firm that understands Chinese culture and Chinese people, and are professional enough to handle their legal transactions," Dai says.

Dai came to the US to attend the William & Mary Law School in Williamsburg, Virginia. He previously worked for a State-owned company called China State Construction Engineering Corp.

In 2002 he set up his business in Flushing in Queens, New York. Unlike most Chinese law firms in Flushing that serve local clientele, Dai's company focused on attracting businesses from the Chinese mainland. He set up a branch office in Beijing in 2007 to attract Chinese clientele.

By 2008 more than 50 percent of his business was related to the mainland, and today more than 90 percent is from there.

The company recently moved from Flushing into a Manhattan office in Times Square.

"If you want to serve clients from China, image is a very important thing. They don't think that a company in Flushing can handle sophisticated transactions such as anti-dumping," Dai says.

As Dai spends up to six months a year in China to meet clients, he leaves the litigation work and other complicated legal transactions to his US employees. He has a total of 17 staff.

Dai, who was born in the year of the dragon, believes 2012 is auspicious for him because it is also the year of the dragon. He expects Chinese investments in the US to grow in the next five to 10 years.

Likewise, Yingke believes that choosing an auspicious day, the Dragon Heads Raising Day, for its grand opening of the New York firm will bring luck and prosperity to its business.

Dragon Heads Raising Day, which always falls on the second day of the second lunar month, happened to be Feb 23 this year.

Understanding Chinese culture is precisely why these Chinese law firms believe they have an edge over Western law firms.

"Understanding how guanxi (relationship) works is the real niche of our business," Dai says.

"A lot of American people try to understand guanxi by going to classes, reading books and making friends with Chinese people. But culture is culture. It's not something you can get from books."

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