



Legal

South Korea

South Korea is the 12th largest economy in the world, has a population of 50 million, and average GDP growth is predicted to be 3.8% in 2014.

There are around 12,000 lawyers in Korea and 7,000 are working in Seoul. There are also over 600 law firms (including one man offices) in South Korea, and approximately 800 more legal counsels working in-house. Since new legal training systems were implemented, Korea produces around 2500 new lawyers annually.

All lawyers are required to become members of the Korea Bar Association. The number of lawyers is expected to double in the next five years as the Korean Government liberalises legal services.

Currently, South Korea still has the lowest number of lawyers per capita in the OECD, making it a potentially strong market for UK law firms' expansion.

The Korean market is relatively undersized. For comparison, annual average trade deficit in the legal services sector is about US\$600 million from 2011-2013. In 2013 the annual revenue generated from the domestic legal services market was USD\$3-4 billion. This is comparable to the annual turnover of Clifford Chance (United Kingdom) and Baker & McKenzie (United States). While Clifford Chance, the world's largest legal company has some 30 branches in over 20 countries, Korea's largest, Kim & Chang, does not have a single overseas branch.

Korea's top six law firms employ 10% of the country's lawyers, earning half of the industry's sales. However in the Asia-Pacific market, only one Korean firm is ranked in the top 20.

The current increase in international competition has the potential to create challenges for the dominant international law already in the market, mostly from the UK and the US.

Before the EU-Korea FTA, which took effect on July 1st 2011, foreign lawyers were often based in Hong Kong or Singapore and flew in for consultations often fly in to consult with their clients. This adds expense to the legal process, and therefore local companies are keen to welcome the presence of foreign law firms in Korea to clear such hurdles.

Currently, there are about 3-4 UK & US law firms that have received a license from the Ministry of Justice to open offices in Korea, and approximately 15-16 more companies are applying for the registration.



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Legal Services – Opportunities for UK companies

South Korea

From the UK, Clifford Chance opened an office in August 2012 and DLA Pipers will open an office within the current year. Herbert Smith-Freehills are also applying for a license.

It is becoming common practice for international firms to open up joint offices with local partnering law firms before, and in preparation for, full-scale market entry.

Another current market trend is the increasing specialisation of law offices into fields such as international trade, patents and litigation.

Influence of the EU-Korea FTA

The European Union and Korea signed the Free Trade Agreement (FTA) on 1 July 2011 resulting in the removal of 97% of all tariffs and cutting €1.6bn of duties annually for EU exporters. The FTA contains provisions on services, public procurement, intellectual property and sustainable development as well as the liberalisation of goods tariffs.

New revenue opportunities could be generated by the enhanced protection of Intellectual Property Rights and the extended copyright period the FTA will bring.

The legal services element of the FTA identifies a three stage process for opening up the Korean legal system. The stages are time based and will be implemented after ratification;

First Stage (from 1 July 2011):

Solicitors and other EU law firms have the right to establish a branch office to offer advice in foreign and international law. Foreign lawyers are permitted to use their home country titles in their home country language. By using their home country titles domestic and foreign clients can be confident that they are receiving advice from an attorney legally registered in a specific jurisdiction.

Second stage (from 1 July 2013):

This is to begin no later than two years after the FTA enters into force and permits a foreign law firm to fee share with a Korean

law firm, either on a project by project basis or on an ongoing basis.

Third stage (from July 1 2016):

This is to begin no later than five years after the FTA enters into force, will permit Korean and foreign lawyers to go into partnership together and allow foreign law firms to employ Korean lawyers.

Opportunities for UK companies

Foreign-licensed attorneys already play a vital role in cross-border transactions involving, among other areas of law, mergers and acquisitions, financial and securities dealings and joint ventures.

However, local companies dominate other areas such as litigation.

There may also be opportunities in niche markets such as shipping and construction where UK law firms already have ample expertise.

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