

LEHMAN, LEE & XU

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## PRESS RELEASE

### WITH DOWNTURN FOREIGN CLIENTS TURN TO DOMESTIC LAW FIRMS

**Beijing – April 10, 2009** – Long accustomed to using international firms with offices in China, foreign companies in China are increasingly turning to domestic law firms for their legal needs. “Of primary concern to clients right now is cost. Using an international firm involves replication of fees; foreign law firms are legally only representative offices allowed to give advice on foreign law only meaning foreign firms must then outsource to local firms on any matters relating to Chinese law – the cost of such duplication is factored into their rates.” Explains Edward Lehman, Managing Director of Lehman, Lee & Xu, one of China’s most respected firm based in Beijing.

There are over 80 representative offices of foreign law firms in China and the speed at which they have entered the Chinese market has been a reflection of the potential with which U.S. firms view China. These firms have not only imported their firm’s work practices, they have also imported their rates which overseas companies were more than willing to pay during the economic boom. With firms cost cutting however legal fees are one of the first items on the balance sheet to come under scrutiny. “The downturn has definitely led to an increase in enquiries from companies who have been in China for a long period of time” relays Ed.

With an increase in competition from foreign firms, Chinese firms have become more sophisticated as regards their marketing and billing structures, providing a viable alternative to international firms. “A number of international firms have significantly reduced their numbers in their Chinese offices while domestic firms have been growing” states Ed, a Chicago native and long term resident of Beijing. “The international firms need to take a page out of the book of domestic firms to stay competitive in this market”.

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