Keeping a GRIP on cross-border matters

A wave of corporate and personal insolvencies as a result of COVID-19 was predicted to occur around the world throughout 2020 and 2021. However, the reality was new matters were much lower than expected, with many countries experiencing record low insolvencies, thanks to the historic levels of government support.

But despite this, a return to normality was always going to happen – and when it did, we knew the demand for cross-border expertise would increase. To prepare, in December 2020 Jirsch Sutherland became a member of the GRIP (Global Restructuring and Insolvency Professionals) network of independent insolvency firms. And in August 2021, we launched the Asia-Pacific arm, which now has 17 members, including Australia.

Establishing GRIP Asia-Pacific was a wise move, as evidenced by the significant degree of collaboration between members around the world who work together on both insolvency and non-insolvency-related matters. For example, we've seen New Zealand collaborating with members in Hong Kong, the UK and Russia; our Singapore member working with the UK, Indonesia and Hong Kong; and Hong Kong working with members in Malaysia and the UK. Jirsch Sutherland has worked with our counterparts in New Zealand, China, Singapore and Indonesia.

Being part of the GRIP network has delivered myriad benefits including helping foreign parties understand or participate in the Australian insolvency regime (for example, enforcement); assisting members in understanding other countries' insolvency laws and regulations; knowing how to implement proceedings to secure assets located in foreign jurisdictions; conducting negotiations with overseas creditors; and having access to experienced global contacts to assist in both insolvency and non-insolvency matters.

While the pandemic has caused disruptions to trade and cross-border movements and led to volatile stock markets and a supply chain crisis, as global economies throw off the COVID shackles and the climate for investing improves, different regions will become more attractive destinations for cross-border investments. Therefore, having a network of insolvency experts is extremely advantageous. Experience shows that cross-border investment decisions are often influenced by insolvency laws in a particular country.

Insolvency and restructuring are complex – particularly when transactions and recoveries 'travel' across different jurisdictions. If borders are crossed, then having access to proven experience, an understanding of cultural sensitivities and key laws, regulations and practices is crucial.

Members of the GRIP network help clients and trusted advisers navigate cross-border and multi-jurisdictional restructuring and insolvency challenges. It means they can draw on the expertise of member partners for excellent local advice to deliver the best outcome solutions.

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