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## **English Common Law is the most widespread legal system in the world**

∞ **But territories in English Common Law group generate only 14% of world's GDP**

∞ **American Common Law covers 5% of world's population which generates 26% of world GDP**

English Common Law is now the most widespread legal system in the world with 30% of the world's population living under English Common Law systems, reveals Professor Philip Wood\*, author of the "Maps of World Financial Law" published by Sweet & Maxwell (see table below).

Philip Wood, Special Global Counsel at the leading international law firm Allen & Overy, is the first person to complete a truly comprehensive analysis of how much of the world is governed by each type of legal system in his book "Maps of World Financial Law." The book focuses on the differences in financial law between the various legal jurisdictions across the globe and shows where each legal system applies.

According to the book from Sweet & Maxwell, a Thomson **Reuters** business (NYSE: TOC; TSX: TOC), English Common Law is the most common legal system in the world, not only because it applies to the largest slice of the world's population but also because it is used in 27% of the 320 world's legal jurisdictions.

Napoleonic Law, which is used in countries such as Brazil as well as France, applies to the largest share of the world's land mass (34%). It is originally based on the codification of French law under Napoleon and covers 23% of the world's population. Napoleonic Law jurisdictions represent 23% of the world's GDP.

Philip Wood explains that the use of English Common Law is so widespread because it was dispersed across the globe during the growth of the British Empire. Since then these former colonies have decided to continue using the English Common Law system and it still remains the legal system for increasingly important economies such as India.

UK law firms are some of the largest in the world and many international contracts are drafted using English law, including syndicated credits, bond issues and master derivatives contracts.

Despite the number of nations using English Common Law this group only represents a 14% share of world GDP, mostly because the group applies to developing economies in jurisdictions with scarce natural resources.

Although the American Common Law group only covers 5% of the world's population in terms of legal control, Philip Wood shows that the American Common Law

jurisdictions' GDP accounts for 26% of the world total. Outside of the US American Common Law has been adopted by a limited number of countries such as Liberia and unincorporated US territories such as Guam and Puerto Rico.

### Napoleonic Law used by the second largest number of jurisdictions

According to Philip Wood, Napoleonic law was spread by the ~~the~~ French Empire and by emulation. Egypt is one example of a country that kept Napoleonic law after it was occupied by the French in the Napoleonic Wars. Some countries, particularly in Latin America, adopted Napoleonic law because the code was the most advanced contemporary model to borrow from at the time that they were looking to formalize a legal system.

According to the book from Sweet & Maxwell, Roman-Germanic Law is another widespread legal system. It comprises 10% of jurisdictions and 11% of the world's population. Its GDP is 19% of the world total.

Some countries chose to adopt Roman-Germanic Law because they thought it was a superior system in comparison to the other legal groups, also because as it is a codified system it is easy for another country to copy. Countries that chose to use a Roman-Germanic style of legal system include the Netherlands, Switzerland and Turkey.

The mixed Civil/Common Law group encompasses countries which operate under a hybrid law combining both Civil and Common Law. Major economies such as Japan and China are in this group, which applies to 25% of the world's population, and has a 16% share of World GDP.

In examining the various legal jurisdictions, Philip Wood shows that the defining characteristics between the jurisdictions are their attitudes to debt, credit and insolvency. In his research, Professor Wood shows which jurisdictions favour the debtor, the creditor, and which are balanced between the two. He also deals with a number of other criteria for measuring legal systems.

Philip Wood shows that American and English Common Law generally favours the creditor in insolvency issues, while Napoleonic systems tend to favour the debtor. Roman-Germanic systems share financial law characteristics with both groups - sometimes they favour the debtor and sometimes the creditor. How the different jurisdictions favour creditors and debtors may influence how these two competing groups may emerge from the credit crisis.

The combined share or GDP of 40% for English and American Common Law demonstrates how much influence their treatment of debt and attitude to creditors has over how the global markets operate.

### **Statistics for the Legal Groups**

<b>Legal Group</b>	<b>Jurisdictions</b>	<b>2007 GDP</b>	<b>Population</b>	<b>Area</b>
English Common Law	27%	14%	30%	21%
Napoleonic Law	26%	23%	23%	34%
American Common Law	20%	26%	5%	7%

Roman Germanic	10%	19%	11%	18%
New	6%	1%	5%	6%
Mixed Civil/Common law	5%	16%	25%	11%
Islamic	3%	1%	1%	3%
Unallocated	2%	0%	1%	0%

GDP based on figures from the World Bank and IMF

## ENDS

### Notes to Editors:

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