



CEE

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LEGAL MATTERS

IN-DEPTH ANALYSIS OF THE NEWS AND NEWSMAKERS THAT SHAPE
EUROPE'S EMERGING LEGAL MARKETS



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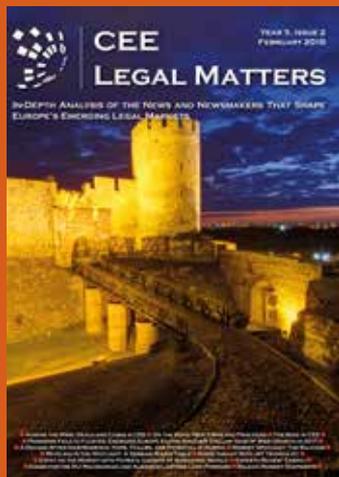


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IN-DEPTH ANALYSIS OF THE NEWS AND NEWSMAKERS THAT SHAPE EUROPE'S EMERGING LEGAL MARKETS



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If you like what you read in these pages (or even if you don't) we really do want to hear from you. Please send any comments, criticisms, questions, or ideas to us at:

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EDITORIAL: THE CHRONICLE OF OUR OWN OBSOLESCENCE

David's editorial in our last issue included a brief explanation as to how CEELM came to be, and included the words: "Because CEE as a thing certainly existed." I am uncertain to what extent that provided an inspiration for it, but ironically in this issue we have two pieces (see pages 4 and 38) that address, more or less directly, the question whether it still exists "as a thing" today.

This CEELM editor thinks it does – but it's definitely changing.

I've spent the better part of the last six months living out of a suitcase traveling between many of the 24 jurisdictions we cover, during which time I have heard many similar conversations, revealing that many lawyers in the region continue to share similar concerns, opinions, and ideas.

A perfect example is the recent round table in Belgrade (see page 48), where lawyers spoke about the need to create inter-regional alliances within the Balkan region to serve clients, many of whom tend to invest in multiple markets at the same time. This doesn't just create the element of convergence within the legal sphere they spoke about. It also underlines the sense that the markets themselves, for the most part, are simply too small as stand-alones. The drive, then, is to consolidate an offering sufficient to catch attention by virtue of economy of scale when firms do road shows in London. Lawyers bragging about their "one-stop-shop" capabilities demonstrate their assumption that both clients and UK-based firms that refer work continue to look at the region in bulk.

Another revealing aspect comes from looking at the most notable deals in the past year. Of the 54 deals included in the shortlists for the Deal of the Year Award for the 17 CEE markets that are involved, 39 included cross-border elements and legal advice. Of those, 19 involved more than one CEE jurisdiction.

It is hardly surprising, then, that our reporting over the last few years has touched on an ever-increasing number of alliances.



Nonetheless, both of the articles about the existence of CEE I referred to in my first paragraph make a compelling argument that the CEE legal markets have been evolving – and likely will continue to do so – at different speeds, and that the intrinsic cultural bonds between them are becoming blurrier. And the EU further adds to harmonization of the formerly *emerging* legal markets and those of the West. As an example, from the Czech Republic to Romania to even beyond-the-EU Turkey, one cannot, when talking to firms, avoid hearing about their well-established or new GDPR capabilities.

Still, ultimately, the reality is that the need for some form of consolidation of offering – whether in the form of alliances or actual office openings – is unlikely to go away in the near future.

So we at CEELM will carry on looking at each CEE country to better understand what makes its legal services industry tick. We'll continue to enjoy the convenience of being based in Budapest, right in the heart of the region, and we'll continue to spend as much time on the road ourselves as possible (because who doesn't prefer a face-to-face cup of coffee?). And ultimately, we'll continue to look at the CEE region as a whole, both to follow the region's consolidation but also to report on the evolution of these markets as they inch ever-closer to the West, in the process pushing our brand ever closer to the edge of obsolescence. We're enjoying the ride.

Radu Cotarcea

GUEST EDITORIAL: SOWING FRESH FIELDS IN CEE

By Sebastian Lawson, Partner,
Freshfields Austria



The editors of CEE Legal Matters have very kindly asked me to contribute this month's guest editorial and I am afraid in return I am going to pose a very impertinent question. The question I wish to ask is: is there any such thing as "CEE Legal Matters"?

The underlying question I have in mind of course is whether CEE still exists as a region, particularly in the legal sphere. Are we all still guilty of drawing on what is essentially a Cold War construct, give or take (as is inevitable in this part of the world) a few shifting boundaries? My own fascination with CEE derives in large part from my first term at university being punctuated by the fall of the Berlin Wall and many other wondrous moments as revolutions of various hues spread – am I now a bit too much in thrall to history? Are many of us still defending the existence of CEE because we cherish all of it too much to see it divided or its scope narrowed?

It won't surprise you to learn that ultimately I think CEE still makes sense as a distinct space in which we are privileged to operate as legal practitioners. There are, I think, a number of aspects to this. First of all, although CEE economies are at various stages of development such that many have shed the "emerging market" tag long ago, the sense remains that nearly every transaction from a legal perspective is novel and requires innovative solutions. We are challenged by clients who often take us back to very first principles as to why an agreement or a sales process should be structured in the way that it is. They are not impressed by the argument "because this is simply how things are done." How could they be? When you have lived through the history that this region has seen, you know that this argument is not to be taken seriously.

Terms like "landmark" and "groundbreaking" get thrown around too easily. We should not fall into the lazy expat trap of disparaging our colleagues who stayed behind in London or New York – they too spend much of their days on creative thinking and we should resist imagining they are all armies of drones laboring away in open-plan offices churning out the same commoditized documents week after week. I must admit however to feeling a twinge of sympathy when I received a mail from a lawyer recently whose signature gave his job title as "NDA Attorney"...

A second way in which I think the work of lawyers in CEE is still

something distinctive is the sense – and this is a craven attempt to get back into this publication's editors' good books – that *law matters*. In London it is all too easy to view work in big City law firms as just another arm of the financial services industry. I actually started my career as a corporate tax lawyer in London, and I can't pretend to regard that time as one when I was making much of a contribution to humanity. I still think things are different in CEE. We may not always identify completely with our clients' goals and we may not always admit to this, but I think most of us share the sense that the development of the rule of law and the putting of commercial relationships on a better regulated footing is a valuable goal in itself, and one which our work allows us to make a modest contribution to. And actually there is nothing at all modest about the contribution in this regard which many of our colleagues make: I think of the way in which the Polish legal profession has pulled together in the last year to defend the independence of the judiciary, the huge time sacrificed by Ukrainian lawyers to develop their country's public administration, and the personal courage shown by numerous lawyers across the former Soviet space in fighting challenges to the rule of law where they encounter them.

And the third thing which I think unites us as practitioners across the region? A sense of fun and a sense that we are remarkably privileged to be in this profession, at this time, in this place. CEE often leads the way when it comes to the adoption of new tech but the video conference has still not supplanted the personal touch. Thank goodness! Many of us travel a lot. We may well fish for sympathy from colleagues with stories of our grueling travel schedules, missed flight connections, suicidal taxi drivers, and so on. But I think that anyone who has got to the end of this piece will be, like me, a CEE addict and will share my view that – whether in big letters or small – long may CEE (L)legal (M)matters continue!



Taking Flight:

Weil Closes Doors as Team Moves to Bird & Bird in Budapest (p 25)



A Decade After Independence:

Hope, Dissapointment And Potential In Kosovo (p 40)



Eager For The EU:

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ACROSS THE WIRE: FEATURED DEALS

Turunc Advises Taxim Capital on Acquisition of Majority Stake in Turkish Lingerie Company



Turunc has advised Taxim Capital on its acquisition of 51% of Turkey's Suwen lingerie and underwear manufacturer and retailer for an undisclosed price.

Taxim Capital is a Turkey-focused mid-market private equity firm specializing in control-oriented growth capital investments and shareholder/management buy-outs. This is the firm's third investment. Turunc also advised Taxim on its 2016 acquisition of a 40% stake in the Turkish casual dining chain Big Chefs from shareholders Gamze Cizreli and Saruhan Tan (as reported

by CEE Legal Matters on September 20, 2016).

"We are extremely happy to have represented Taxim Capital in two of their three deals since their formation. This latest acquisition is a testament to our strong and growing private equity M&A practice."

– Kerem Turunc, Partner, Turunc

The Turunc team consisted of Kerem Turunc, Nilay Enkur, Didem Bengisu, Gozde Kiran, and Naz Esen, along with intellectual property expert Beste Yildizili and competition law specialist Esin Camlibel.

The sellers did not retain external counsel.

TURUNÇ

EY Law Advises on Polish Poultry Transaction



EY Law has advised SuperDrob Zakłady Drobiarsko-Miesne S.A. on its approximately EUR 45 million acquisition of a chicken abattoir in Lublin and a chicken hatchery in Turka from Indykpol S.A.

SuperDrob, which was founded in 1993, produces, processes, and markets poultry and meat products to customers in Poland and across Europe. The company offers chicken and turkey portions and cold cuts, eggs, poultry meat products, and ready-to-eat convenience foods. The company sells its products through its own stores as well as through supermarkets and neighborhood stores.

The Indykpol Capital Group – Poland’s largest poultry company – specializes in the sale of raw and processed turkey meat.

“We are proud to have acted for SuperDrob in this exciting transaction. EY Law’s continued involvement in such deals confirms our growing recognition in the M&A market. Our assistance covers the whole transaction process from the due diligence to the closing stage. Currently we are in the process of obtaining anti-monopoly clearance. We hope to successfully close the transaction very soon.”

– Zuzanna Zakrzewska, Partner, EY Law Poland
(Ernst & Young Law Talasiewicz, Zakrzewska i Wsp.)

EY Law’s team included Partner Zuzanna Zakrzewska and Legal Adviser Jakub Organ.

Dentons advised Indykpol S.A.



KSB Advises on Energo-Pro Debut Eurobond Issue



Kocian Solc Balastik has advised Energo-Pro on matters of Czech law related to its December 8, 2017, EUR 370 million debut Eurobond issue in London.

The bonds that will be listed on the Irish Stock Exchange mature on December 7, 2022 and carry a 4.000% annual coupon, and the issue price was 100%. S&P and Fitch assigned the bonds a rating of BB- and BB, respectively, in line with the corporate rating of Energo-Pro.

The bonds were sold to a broad range of international institutional investors across Europe, with an orderbook in excess of EUR 800 million. The net proceeds will be used for repayment of existing Group indebtedness and general corporate purposes.

Energo-Pro operates hydroelectric power stations in the Black Sea and Caucasus regions. Originally a Czech company, it gradually expanded to Bulgaria, Georgia, and Turkey, and it is also active in the electricity distribution and sale market, owning and operating electricity distribution networks in Bulgaria and Georgia which serve more than two million customers.

Energo-Pro was advised as to English law by lead counsel Herbert Smith Freehills, as to Bulgarian law by Tsvetkova Bebov Komarevski, and to Georgian law by the BLC Law Office. The Joint Book-runners (Citigroup Global Markets Limited and J.P. Morgan Securities plc) and Joint Lead Managers (Citigroup and J.P. Morgan, as well as Banca IMI S.p.A, Komercni banka, a.s., and UniCredit Bank AG), and Trustee (Citibank, N.A London Branch) were advised by Allen & Overy on Czech and English law and by Spasov & Bratanov on matters of Bulgarian law.

JPM Advises Aquila Software on Acquisition of IN2



JPM has advised Constellation Software Inc. on the acquisition by its Vela Operating Group division and subsidiary Aquila Software of the IN2 Group.

IN2 was founded in 2009 and is known for its solutions in the public sector and for providing insurance, pension and investment funds, and ERP and BI solutions. It is headquartered in Zagreb, Croatia, and it provides software solutions in the government, finance, insurance, healthcare, corporate, and other industries in the Adriatic region.

Founded in 1995, Constellation Software is headquartered in Toronto.

Schoenherr Advises Liechtensteinische Landesbank on Acquisition of Semper Constantia Privatbank



Schoenherr has advised Zurich-listed Liechtensteinische Landesbank AG on its EUR 185 million acquisition of Semper Constantia Privatbank AG. The acquisition agreement was signed on December 21, 2017. The purchase price, which will be determined at the end of an earn-out period, will be paid partly in cash and partly in LLB shares.

The current majority shareholders of Semper Constantia, the Haselsteiner-Familien-Privatstiftung and grosso holding Gesellschaft mbH are planning to acquire a stake of around 6 percent in LLB.

The acquisition is still subject to regulatory and anti-trust approval and will take place in two steps: In the first, LLB is expected to complete the acquisition of Semper Constantia in July 2018, including the takeover of customer assets of approximately CHF 17 billion (as of June 30, 2017), which will bring

the LLB Group's business volume to over CHF 75 billion. In the second step, Semper Constantia plans to merge with LLB Oesterreich in September 2018.

Semper Constantia Privatbank AG is one of the leading private banks in Austria. It manages net assets of around EUR 15 billion and has 173 employees in Austria. Semper Constantia's three core businesses include asset management and consulting, custodian bank, and fund wrapping, as well as real estate.

The sellers were advised by Fellner Wratzfeld & Partner.

Avellum Advises Commercial Bank Center on Increasing Charter Capital



Avellum has advised the Public Joint Stock Company Commercial Bank Center and its sole shareholder Hamed Alikhani on increasing the bank's charter capital to UAH 200 million.

According to Avellum, the firm advised both clients on a number of corporate, regulatory, securities issues related to increasing the charter capital, and on further acquisitions of new shares of PJSC CB Center. Also, the law firm advised on obtaining approval from the National Bank of Ukraine and the National Securities and Stock Market Commission.

PJSC CB Center performed additional capitalization to comply with the capital requirements of the NBU. According to such requirements, Ukrainian banks must have a minimum charter capital of UAH 200 million.

In 2016, Avellum acted as the Ukrainian legal advisor of Hamed Alikhani to obtain the approval from the NBU for the acquisition of respective shareholding in PJSC CB Center, as well as to obtain a merger control clearance from the Antimonopoly Committee of Ukraine for the acquisition of PJSC CB Center.

The Avellum team was led by Managing Partner Mykola Stetsenko and included Senior Associate Andriy Romanchuk and Associates Dmytro Tkachuk, Andrii Gumenchuk, and Anton Arkhyrov.



Maravela & Asociatii Advises on Betty Ice Acquisition



Maravela & Asociatii has advised Betty Ice, a Romanian ice cream producer, on the sale of the company to Unilever South Central Europe. The January 2018 deal remains subject to regulatory approval by the Romanian competition authorities.

Following the acquisition, Betty Ice will operate as a standalone unit within Unilever and will be led by its founder, Vasile Armeanean, acting as General Manager.

“We are happy to have been at the forefront of one of this year’s biggest transactions. The assistance provided was complex and multifaceted, as we covered numerous practice areas in this acquisition. Things developed smoothly and without any hurdles.

Mr. Armeanean is a remarkable entrepreneur and visionary professional, who developed a sound business in a very competitive environment.”

– Alexandra Rimbu, Partner, Maravela

The Maravela & Asociatii team consisted of Managing Partners Gelu Titus Maravela and Alina Popescu, Partners Alexandra Rimbu and Dana Radulescu, Tax Partner Felix Tapai, Managing Associate Mihai Buciuman, Senior Associate Daniel Alexie, and Associates Anca Baitan and Magda Grigore.

The buyer was advised by Eversheds.

MARAVELA | ASOCIAȚII

PNSA Advises on Multi-Entity Architecture Merger in Romania



Popovici Nitu Stoica & Asociatii has advised the PZP, SYAA, and ARXTUDIO architecture offices on their merger into a new entity, named CUMULUS.

CUMULUS brings together industry portfolios with a combined turnover of over EUR 1 million. The newly formed company provides integrated civil and urban design services with expertise in residential, office, industrial, restoration and rehabilitation projects, public investment, and the hotel and catering industry.

Dentons Advises Rafako on Indonesian Power Unit Construction Contract



Dentons has supported Polish power contractor Rafako in a tender procedure and a contract to build two coal-fired power units on the Indonesian island of Lombok. The contract is worth approximately EUR 200 million.

Rafako is a general contractor of power units. The company manufactures steam and water boilers used in power generation and environmental protection facilities. It formed part of a consortium led by Indonesia-based PT. ReKayasa Industri that was selected as the winner of the tender. The contract calls for the completion of Unit I of the power plant within 36 months and Unit II within 39 months. According to the consortium

agreement signed in December 29, 2017, Rafako will receive approximately 35 percent of the contract value.

Redcliffe Partners advises Citibank Europe on USD 88 Million Loan Restructuring



Redcliffe Partners and Clifford Chance have advised Citibank Europe Plc (UK Branch) on the restructuring of a USD 16 million outstanding loan provided to Rubizhne Cardboard & Packaging Mill under an up-to USD 88 million term facility.

Legal support on the transaction included drafting an amendment and restatement agreement to the Rubizhne Cardboard & Packaging Mill (JSC RKTK) loan, drafting and signing amendment agreements to security documents, collecting and reviewing condition precedents, and preparing legal opinions.

JSC RKTK has been in the packaging market since 1991, producing corrugated board transit packaging in Ukraine and selling its products both within and outside the country.

JSK Assists with Toshulin Acquisition of TOS Kurim and CKD Blansko



The JSK law firm has advised Czech engineering company Toshulin on its acquisition of TOS Kurim and CKD Blansko from ALTA a.s.

ALTA – one of the largest mechanical engineering groups in CEE – is a Czech supplier of machine tools and technological equipment for mechanical engineering, metallurgy, power engineering, mining, and construction materials. Toshulin is an engineering company operating in the machine tool market and TOS Kurim-OS is a machine tools producer which, along with CKD Blansko-OS, conducts research and manufacturing activities.

The JSK team was led by Partner Tomas Dolezil and included Senior Associates Patrik Muller and Martina Bacikova, Junior Lawyers Michaela Krajickova and Ivana Taskarova, and Paralegal Lenka Petrakova. JSK Of Counsel Michal Petr provided Competition advice.

Havel & Partners advised ALTA in the sale.

LETTERS TO THE EDITORS

WRITE TO US

If you like what you read in these pages (or even if you don't) we really do want to hear from you!

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press@ceelm.com

Letters should include the writer's full name, address and telephone number and may be edited for purposes of clarity and space.

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ACROSS THE WIRE: DEALS SUMMARY

Date covered	Firms Involved	Deal/Litigation	Value	Country
13-Feb	DBK Partners; Freshfields; Kerameus & Partners	DBK Partners acted as local counsel to National Bank of Greece S.A. on the February 2, 2018 sale of NBG's entire stake in its Albanian subsidiary, Banka NBG Albania Sh.A. to American Bank of Investments SHA. Freshfields Bruckhaus Deringer served as international counsel to MBG on the sale, while Kerameus & Partners advised ABI.	N/A	Albania; Greece
20-Dec	Graf & Pitkowitz	Graf & Pitkowitz advised Austrian airline Fly Niki in German bankruptcy proceedings.	N/A	Austria
20-Dec	Graf & Pitkowitz	Graf & Pitkowitz advised Toni's Free-Range Eggs in involuntary bankruptcy proceedings filed in the Provincial Court of Leoben.	N/A	Austria
20-Dec	Weber & Co.; White & Case; Wolf Theiss	White & Case advised joint lead managers Commerzbank Aktiengesellschaft, Credit Agricole Corporate and Investment Bank, Mizuho International plc, and UniCredit Bank Austria AG on a EUR 1 billion bond issuance by OMV Aktiengesellschaft. Weber & Co. advised OMV on the issuance. Wolf Theiss provided Austrian tax advice to the lead managers.	EUR 1 billion	Austria
22-Dec	Gleiss Lutz	Gleiss Lutz advised Bawag P.S.K. on its acquisition of all of the shares in Deutscher Ring Bausparkasse – the Hamburg-based building society – from Basler Versicherungen and the Signal Iduna Group.	N/A	Austria
22-Dec	Freshfields; Wolf Theiss	Wolf Theiss advised mobile operator T-Mobile on its EUR 1.9 billion acquisition of UPC Austria from Liberty Global plc. Freshfields advised Liberty Global on the deal.	EUR 1.9 billion	Austria
28-Dec	Fellner Wratzfeld & Partner	Fellner Wratzfeld & Partner advised Semper Constantia Privatbank Aktiengesellschaft on the takeover of 100% of its share capital by Liechtensteinische Landesbank AG.	N/A	Austria

Date covered	Firms Involved	Deal/Litigation	Value	Country
2-Jan	Cerha Hempel Spiegelfeld Hlawati	CHSH Cerha Hempel Spiegelfeld Hlawati advised red-stars.com data AG on the expansion of its M2M telecoms segment by means of an acquisition of a 50% stake in Freeeway GmbH and on the capital increase by subsidiary Machine & Voice Communication GmbH resulting from a new investment by KLK Holding Ltd.	N/A	Austria
4-Jan	Schoenherr; Weber & Co.	Schoenherr advised BUWOG AG on Vonovia SE's voluntary public takeover bid of the company. Vonovia was advised by Freshfields Bruckhaus Deringer, with Clifford Chance Germany and Austria's Weber & Co. advising JP Morgan on debt financing provided to Vonovia to support the transaction.	N/A	Austria
4-Jan	Lattenmayer, Luks & Enzinger; Saxinger, Chalupsky & Partners	SCWPSchindhelm advised Upper Austrian housing company WAG Wohnungsanlagengesellschaft on its acquisition of Vienna's KALLCO Group project and property developer. Lattenmayer, Luks & Enzinger advised the seller on the deal.	N/A	Austria
8-Jan	Baker McKenzie; Frierich Schubert; Graf & Pitkowitz	Graf & Pitkowitz advised the Fleissner Group on the sale of the Fachmarktzentrum Deutschlandsberg retail park, which arose in 2000 from a joint venture between the Fleissner Group and the Kuess Group. The Kuess Group was advised by the Frierich Schubert law firm, and the buyer, TH Real Estate, which acquired the park for the Austria Property Fund, was counseled by Baker McKenzie.	N/A	Austria
11-Jan	Herbst Kinsky	Herbst Kinsky advised Hookipa Biotech AG in connection with an oversubscribed series C financing round in the amount of EUR 50 million.	EUR 50 million	Austria
11-Jan	Schoenherr	Schoenherr advised Zurich-listed Liechtensteinische Landesbank AG on its acquisition of Semper Constantia Privatbank AG.	EUR 185 million	Austria
16-Jan	Fellner Wratzfeld & Partner	Fellner Wratzfeld & Partner successfully represented the Timber Industry section of the Upper Austrian Economic Chamber in its opposition to an attempt to repeal the membership fee regulation in the Chamber made to the Austrian Constitutional Court.	N/A	Austria
16-Jan	Brandl & Talos; DLA Piper; Herbst Kinsky	Brandl & Talos advised the shareholders of Viennese biotech company Themis Bioscience GmbH on a Series C Financing Round. One of the shareholders, the Global Health Investment Fund, was also advised by DLA Piper, while Themis Bioscience was represented by Herbst Kinsky.	N/A	Austria
22-Jan	PHH Prochaska Havranek	PHH Rechtsanwälte advised CIDAN Machinery Sweden AB on the acquisition of all shares of Forstner Maschinenbau GmbH.	N/A	Austria
22-Jan	Herbst Kinsky; Laga	Herbst Kinsky advised Miracor Medical Systems GmbH on its cross-border merger and subsequent EUR 25 million financing round with Miracor Medical SA. Miracor Medical SA was represented by Belgian law firm Laga.	EUR 25 million	Austria
25-Jan	Dorda	Dorda advised the Sazka Group, a Czech lottery and gaming group, on the acquisition of shares of Casinos Austria held by Leipnik-Lundenburg Invest Beteiligungs AG and UNIQA Beteiligungs-Holding GmbH.	N/A	Austria
30-Jan	Cerha Hempel Spiegelfeld Hlawati; Eversheds	CHSH advised the Acron Group on the sale of the Wien Westbahnhof A3 commercial property at BahnhofCity Wien West to the REAL I.S. Group, which was represented by Eversheds Sutherland.	N/A	Austria
6-Feb	Beurle Oberndorfer Mitterlehner; Vavrovsky Heine Marth	Vavrovsky Heine Marth advised Tyrolean Ing. Hans Bodner Baugesellschaft mbH & Co KG in a tender process for the reconstruction of part of the NeuBau 3 tobacco factory. The tender process was conducted by an affiliate of the city of Linz, which was represented by Beurle Oberndorfer Mitterlehner.	N/A	Austria
7-Feb	Graf & Pitkowitz	Graf & Pitkowitz persuaded the European Court of Justice to dismiss a class action brought against its client, Facebook, by Austrian lawyer and activist Maximilian Schrems.	N/A	Austria
8-Feb	Cerha Hempel Spiegelfeld Hlawati; Wolf Theiss	Wolf Theiss Austria advised Erste Group Bank in arranging and placing two Sparkassen Immobilien bond issuances. S Immo was advised by Cerha Hempel Spiegelfeld Hlawati.	EUR 150 million	Austria
12-Feb	Freshfields; Linklaters; Wolf Theiss	Wolf Theiss provided Austrian legal advice and Linklaters provided German advice on Raiffeisen Bank International's issuance of EUR 500 million additional tier notes. Freshfields advised the Joint Lead Managers.	EUR 500 million	Austria
30-Jan	Aschmann & Pfandl; Fellner Wratzfeld & Partner	Fellner Wratzfeld & Partner advised the Wienerberger Group on its acquisition of the Brenner brick factory from by Ziegelwerk Brenner, F. Wirth Gesellschaft GmbH, which was represented by Aschmann & Pfandl.	N/A	Austria; Croatia
26-Dec	Sorainen	Sorainen Belarus advised Eurotorg LLC, Belarus' largest food retailer, on a USD 350 million bond issue for a 5-year term with an annual coupon rate of 8.75% maturing on October 30, 2022.	USD 350 million	Belarus
28-Dec	Revera	Revera advised the Zubr Capital Fund I on its investment into Russia's Softline IT company.	N/A	Belarus
28-Dec	Beiten Burkhardt; Cerha Hempel Spiegelfeld Hlawati	CHSH Belarus, working alongside lead counsel Beiten Burkhardt, advised Knauf on the indirect acquisition of Belgips Jsc, a Belarusian major manufacturer of gypsum plasterboards.	N/A	Belarus
18-Jan	Vlasova, Mikheel & Partners	Vlasova, Mikheel & Partners advised bookrunners JP Morgan, Sberbank CIB, and Renaissance Capital on Eurotorg LLC's issuance of the first ever Belarusian corporate Eurobonds – five-year Loan Participation Notes (USD 350 million) with an annual coupon rate of 8.75%.	USD 350 million	Belarus

Date covered	Firms Involved	Deal/Litigation	Value	Country
30-Jan	Sorainen	Sorainen Belarus advised the International Finance Corporation on the sale of its remaining 4.99% stake in Belarusky Narodny Bank in two deals concluded at the Belorussian Currency Stock Exchange under the consent of the National Bank of the Republic of Belarus.	USD 2 million	Belarus
22-Jan	Ilyashev & Partners	Ilyashev & Partners advised Mozyrsalt OJSC in an anti-dumping investigation involving white evaporated salt imported from Belarus to Ukraine.	N/A	Belarus; Ukraine
3-Jan	Allen & Overy; CMS; Spasov & Bratanov	CMS advised the investors of Acwa Power CF Karad PV Park EAD – a joint venture of Acwa Power, Blackstone, and the Clean Energy Transition Fund (which itself includes the EBRD and the European Investment Bank, among others, as partners) which owns one of the largest photovoltaic power plants in Bulgaria – on the restructuring of its debt. Allen & Overy (as international legal counsel) and Spasov & Bratanov (as Bulgarian legal counsel) advised lenders IFC, OPIC, Unicredit London, and Unicredit Bulbank.	N/A	Bulgaria
5-Jan	CMS; Wolf Theiss	CMS advised Hugo Pfohe GmbH on the legal aspects of a competitive tender to sell Bulgaria's Moto-Pfohe Group, with Wolf Theiss advising the winning bidder, the Sumitomo Corporation.	N/A	Bulgaria
30-Jan	Djingov, Gouginski, Kyutchukov & Velichkov	DGKV advised Hungary's OTP Bank and its Bulgarian subsidiary DSK Bank EAD on a EUR 80 million restructuring and extension of additional facilities to the Bulgarian subsidiaries of Libena Resorts.	EUR 80 million	Bulgaria
9-Feb	Kinstellar	Kinstellar advised The Adecco Group on the spin-off of its business in Bulgaria into two separate companies.	N/A	Bulgaria
19-Jan	JPM Jankovic Popovic Mitic	JPM advised Constellation Software Inc. on the acquisition by its Vela Operating Group division and subsidiary Aquila Software of the IN2 Group.	N/A	Croatia; Serbia
19-Dec	Allen & Overy; Cermak A Spol	Allen & Overy assisted Sanofi in registering its trademark for its Ibalgin pill in the Czech Republic. Sanofi was also represented in proceedings before the Czech Industrial Property Office by Cermak a spol.	N/A	Czech Republic
19-Dec	Clifford Chance; DBK Partners	Clifford Chance's Prague office advised the European Investment Bank on its up to EUR 50 million equity investment into Inven Capital, an internally managed, qualified-investor Czech SICAV fund, fully-owned by the regional energy group CEZ, to support the growth of clean energy and smart technology SMEs and midcaps. DBK Partners advised Inven Capital.	EUR 50 million	Czech Republic
8-Jan	Dvorak Hager & Partners	Dvorak Hager & Partners represented the shareholders of Turf Holding, a.s., which operates Prague's Velka Chuchle racecourse, on the sale of the company to an unnamed investor.	N/A	Czech Republic
10-Jan	Dvorak Hager & Partners	Dvorak Hager & Partners announced that it contributed CZK 100,000 to the Caritas confederation of Catholic relief, development, and social service organizations, which will be used to provide aid to the elderly in the form of homes, stationary, home care, assistance, and so on.	N/A	Czech Republic
12-Jan	PwC Legal; Randa Havel Legal	Randa Havel Legal represented the Jufa Investment Group in the acquisition of two large Czech solar power plants with a total capacity of 17 megawatts. The seller was advised by PwC.	N/A	Czech Republic
16-Jan	CMS	CMS Prague advised Czech metal processing conglomerate Metal Trade Comax Group on its acquisition of the German Oetinger Aluminium Group from Orlando Management AG. Orlando was represented by Noerr's Munich office.	N/A	Czech Republic
29-Jan	DLA Piper; Giese & Partners; Taylor Wessing	DLA Piper advised Luxembourg-based private equity firm ASC Investment on its acquisition of Vitrablok, the Czech-based glass block division of the Seves Group, and on obtaining financing from RiverRock for the transaction. The sellers were advised by Giese & Partners in the Czech Republic and by LMS Studio Legale in Italy, and RiverRock was advised by Taylor Wessing.	N/A	Czech Republic
30-Jan	Dvorak Hager & Partners; Eversheds	Eversheds Sutherland and Dvorak Hager & Partners represented Raisio, a Finnish food company, on the EUR 100 million sale of its confectionary division to Valeo Foods.	EUR 100 million	Czech Republic
7-Feb	Havel & Partners; JSK	The JSK law firm advised Czech engineering company Toshulin on its acquisition of TOS Kurim and CKD Blansko from ALTA a.s. Havel & Partners advised ALTA in the sale.	N/A	Czech Republic
18-Dec	Baker McKenzie	Baker McKenzie advised PKN Orlen in connection with its planned acquisition of shares of Unipetrol a.s.	N/A	Czech Republic; Poland
11-Jan	Nozdrovicky, Suvert & Co.; Taylor Wessing	Taylor Wessing Bratislava advised Martinus, s.r.o., the largest online book retailer and the second largest book retailer in Slovakia, on the acquisition of e-shop Gorila.sk and Czech e-shop arara.cz from Beyond Media, s.r.o. Nozdrovicky, Suvert & Co. advised the seller.	N/A	Czech Republic; Slovakia
18-Jan	Kinstellar; Weinhold Legal	Weinhold Legal advised the Sarantis Group on its EUR 8.5 million acquisition of Slovak and Czech cosmetic brand Indulona. The sellers were advised by Kinstellar Bratislava.	EUR 8.5 million	Czech Republic; Slovakia
18-Dec	Njord	Njord Estonia advised insurtech company Inzmo on the investment into the company by Helvetia Venture Fund. HVF was advised by the German office of PWC Law.	N/A	Estonia
27-Dec	Ellex (Raidla)	Ellex Raidla advised Harju Elekter on its purchase of Swedish sales and technical solutions company Sebab AB and of pre-fabricated technical building manufacturer Grytek AB from Thaa AB. Sweden's Moll Wenden law firm advised the seller.	EUR 3.6 million	Estonia
27-Dec	TGS Baltic	TGS Baltic assisted Ascalon Holding GmbH with its acquisition of a 47% ownership in Finnish Scancerco Oy, a wholesale company for the door, window, and building industry.	N/A	Estonia

Date covered	Firms Involved	Deal/Litigation	Value	Country
10-Jan	Ellex (Raidla); Sorainen	Ellex Raidla advised Nordic Trustee & Agency AB on its role in Future Gaming Group International AB's bond issuance to finance its acquisition of ViisTek Media in Estonia and Unlimited Media in Malta. Sorainen Estonia advised ViisTek Media and its shareholders on that subsequent acquisition.	SEK 200 million	Estonia
11-Jan	Sorainen	Sorainen counseled Rogue Wave Software in the acquisition of ZeroTurnaround, the company behind JRebel, XRebel, and XRebel Hub.	N/A	Estonia
11-Jan	TGS Baltic	TGS Baltic's banking and finance team advised online trading provider Admiral Markets on a public bond issue.	EUR 1.8 million	Estonia
16-Jan	Ellex (Raidla)	Ellex Raidla advised Swedish real estate investor CA Fastigheter AB on the sale of the Postimaja Shopping Center to the Baltic Horizon Fund.	N/A	Estonia
19-Jan	Cobalt; Nove	Nove advised the shareholders of electricity and communication networks construction company Corle on the company's BPM Mezzanine Fund-financed sale to Network Assets. BPM Capital was represented by Cobalt Estonia.	N/A	Estonia
5-Feb	Cobalt; TGS Baltic	TGS Baltic advised Euroapteek, a subsidiary of Euroapothecca group, on its acquisition of the Ulikooli Apteek pharmacy chain in Estonia from Yliopiston Apteekki OY, a Finnish state company, which was advised by Cobalt.	N/A	Estonia
12-Feb	Cobalt	Cobalt Estonia advised seed investment company Ambient Sound Investment and other sellers on the sale of Ecofleet Holding to Fleet Complete, a global provider of mission-critical fleet, asset, and mobile workforce management solutions.	N/A	Estonia
8-Jan	TGS Baltic	TGS Baltic represented Credit Value Investments and the funds managed by it during an investment procedure in bonds of AB Civinity.	EUR 11 million	Estonia; Latvia
10-Jan	Ellex (Klavins); Ellex (Raidla); Ellex (Valiunas); Motieka & Audzevicius; Skrastins & Dzenis; Tark	Ellex advised OP Financial Group on its sale of all shares of non-life insurance company Seesam Insurance AS to Vienna Insurance Group. Skrastins & Dzenis in Latvia, Tark in Estonia, and Motieka & Audzevicius in Lithuania advised VIG on the acquisition.	N/A	Estonia; Latvia; Lithuania
16-Jan	DLA Piper; Glimstedt; Sorainen	Sorainen, working with DLA Piper, advised insurance broker company Aon Baltic on its acquisition of Balto Link. The sellers were advised by Glimstedt.	N/A	Estonia; Latvia; Lithuania
22-Jan	TGS Baltic	TGS Baltic advised the Fluid Handling Solutions business group of Axel Johnson International on its acquisition of Bahr Pump OU in Estonia, Pumptechnique SIA in Latvia, and Flow Technologies UAB in Lithuania.	N/A	Estonia; Latvia; Lithuania
18-Dec	Cobalt	Cobalt advised venture capital firm Karma Ventures on an investment in Vilnius-based CGTrader.	EUR 2 million	Estonia; Lithuania
10-Jan	Cobalt; Ellex (Valiunas)	Cobalt Estonia advised BaltCap on the sale of 100% of its shares in Magnetic MRO to Guangzhou Hangxin Aviation Technology. The buyer was advised by Ellex.	EUR 43 million	Estonia; Lithuania
12-Jan	Alexiou-Kosmopoulos; DLA Piper;	DLA Piper advised the Marguerite Fund on its acquisition of a 10% stake in Fraport Greece, the owner and operator of 14 regional airports in Greece. Greek counsel was provided by Alexiou-Kosmopoulos.	N/A	Greece
15-Dec	Szecskey Attorneys At Law	Szecskey Attorneys at Law secured a victory before the Hungarian Supreme Court for Taltoring Kft, a subsidiary of the Edmond de Rothschild group.	EUR 35 million	Hungary
4-Jan	Deloitte Legal; Dentons	Dentons advised Enterprise Investors on the sale by its Polish Enterprise Fund VI of 100% of shares in Netrisk.hu to MCI.EuroVentures of MCI Capital Group. Deloitte Legal advised the buyers on the transaction.	EUR 56.5 million	Hungary
9-Jan	DLA Piper; Kinstellar	DLA Piper advised Eni regarding the disposal its shares in Tigaz Group. The buyer, MET Holding, was advised by Kinstellar.	N/A	Hungary
11-Jan	CMS; Dentons	Dentons advised the London branch of UniCredit Bank AG and MUFG as coordinators on a EUR 750 million revolving credit facility provided by a group of 13 banks to MOL Plc, the Hungarian multinational oil and gas company. CMS advised MOL on the deal.	EUR 750 million	Hungary
23-Jan	Cerha Hempel Spiegelfeld Hlawati; CMS	CHSH advised CA Immobilien Anlagen AG on the sale of the Infopark Building A office complex in Budapest from the Magyar Posta Takarek Ingatlan Befektetesi Alap real estate fund, owned by Magyar Posta and managed by Diofa Alapkezelő Zrt. CMS advised the sellers on the deal.	N/A	Hungary
8-Feb	EY Law; Kinstellar	EY Law Hungary advised Magyar Takarekszövetkezeti Bank Zrt. on the EUR 12.5 million refinancing of Korda Studios, located in Etyek, Hungary. The borrower was represented by Kinstellar.	EUR 12.5 million	Hungary
20-Dec	Eversheds	Eversheds Sutherland Bitans advised AS Citadele Banka on its EUR 25 million Second Unsecured Subordinated Bonds Program and on a public offering of a first series of subordinated bonds issued under the program with a total nominal value of EUR 20 million and subsequent listing on the Baltic Bond list of Nasdaq Riga Stock Exchange.	EUR 20 million	Latvia

Date covered	Firms Involved	Deal/Litigation	Value	Country
28-Dec	Ellex (Klavins); EY Law; TGS Baltic	Ellex Klavins and EY Latvia advised Uniper Ruhrgas International GmbH on the sale of its stake in AS Conexus Baltic Grid – Latvia's unified natural gas transmission system operator and natural gas storage system operator. The buyer, AS Augstsprieguma Tikls, was advised by TGS Baltic.	N/A	Latvia
11-Jan	Cobalt	On 16 November 2017 the Supreme Court of Latvia recognized the right of SIA Reaton, Ltd., which was represented by Cobalt, to choose the most suitable form of business restructuring.	N/A	Latvia
11-Jan	Eversheds	Eversheds Sutherland Bitans provided assistance to the City Development Department of the Riga City Council on the development of a city spatial plan for 2019-2030 that was recently brought up for public discussion.	N/A	Latvia
12-Jan	TGS Baltic	TGS Baltic, acting as part of a consortium led by Rothschild, advised Latvia's Ministry of Economics on the acquisition by Latvian electricity transmission system operator AS Augstsprieguma Tikls of 16.05% of the shares of the natural gas transmission and storage system operator AS Conexus Baltic Grid from SIA ITERA Latvija.	N/A	Latvia
15-Jan	Cobalt	Cobalt advised B2Kapital SIA on the acquisition of a non-performing loan portfolio from SIA Hiponia in Latvia.	N/A	Latvia
18-Jan	Sorainen; Vinson & Elkins	Sorainen Latvia and Vinson & Elkins successfully represented the energy group E-energija in an investment dispute against the Republic of Latvia.	EUR 3.7 million	Latvia
18-Jan	Meitar; TGS Baltic	TGS Baltic assisted KnowledgePrice with the sale of 100% of its shares to Sapiens International Corporation. Israel's Meitar law firm advised Sapiens on the deal.	N/A	Latvia
26-Jan	Eversheds; Sorainen	Eversheds Sutherland Bitans assisted BaltCap Infrastructure Fund with its EUR 9.45 million acquisition of shares in Latvian biogas businesses SIA AD Biogazes Stacija and SIA Aizkalnu Tehnika. Sorainen represented SIA Augstkalnu Druvas, the seller of the shares.	EUR 9.45 million	Latvia
2-Feb	TGS Baltic	TGS Baltic advised BENU Aptieka Latvija SIA, a medicine retail chain in the Baltics, with the acquisition of 100% shares of SIA Pils Zala Aptieka, a privately owned pharmacy in Jelgava, Latvia.	N/A	Latvia
12-Feb	Ellex (Klavins); Fort Legal	Ellex Klavins advised Swedish investment company Eastnine on its EUR 24.8 million acquisition of Alojas Biznesa Centrs and its EUR 4.8 million acquisition of two adjacent properties from the LNK Group. The seller was advised by Fort Legal.	EUR 29.6 million	Latvia
18-Jan	PwC Legal; TGS Baltic	TGS Baltic represented Credit Value Investments and the funds managed by it on their investment in bonds of AB Civinity. AB Civinity was reportedly advised by PwC.	EUR 11 million	Latvia; Lithuania
27-Dec	Cobalt	Cobalt advised UAB GlobalNetint on obtaining an electronic money institution license for non-limited activity.	N/A	Lithuania
3-Jan	Sorainen	Sorainen advised Trustcom Financial on its obtaining of an e-money institution license from the Bank of Lithuania.	N/A	Lithuania
8-Jan	Cobalt; Sorainen	Sorainen advised Elektrobalt and the Wurth Group on the acquisition of Gaudre, a company in the lighting solutions market in Lithuania, from Practica Venture Capital. Cobalt advised the seller on the deal.	N/A	Lithuania
11-Jan	TGS Baltic	TGS Baltic and Sweden's Hammarskiold & Co advised UAB Euroapothea, a Baltic and CEE pharmacy retail and wholesale group, on its purchase of Swedish pharmacy chain Apoteksgruppen from the Kingdom of Sweden. The seller was advised by the Lindahl and Cederquist law firms.	EUR 171 million	Lithuania
12-Jan	Cobalt; Motieka & Audzevicius	Cobalt represented the shareholders of UAB Ilsanta, a Lithuanian company installing and distributing medical devices and equipment, on the sale of 100% of the company's shares to UAB ILS Holding. ILS Holding, which is part of the ZIA Valda investment company, was represented by Motieka & Audzevicius.	N/A	Lithuania
17-Jan	Cobalt	Cobalt advised Agrosfera UAB and its Estonia-based shareholder Agromeril on the purchase of an additional share issue of Agrosfera UAB by ICOR.	N/A	Lithuania
30-Jan	TGS Baltic	TGS Baltic represented the interests of Jonaiciai Ir Ko, a private gynecology clinic, in litigation against Lithuania's State Tax Inspectorate after the clinic was ordered to prepare patients' health files for a period of three years for tax inspection purposes.	N/A	Lithuania
31-Jan	Ellex (Valiunas); Primus	Primus represented the AUGA Group in its acquisition of 100% shares of UAB Arginta Engineering. Arginta Engineering was represented by Ellex Valiunas.	EUR 6.4 million	Lithuania
7-Feb	Cobalt	Cobalt successfully represented and defended German company Danpower in a case against the Lithuanian Ministry of Energy. In ruling for Danpower, the Supreme Administrative Court of Lithuania held that the Ministry of Energy had illegally suspended the German company's investments in a new bio-fuel plant in Vilnius.	EUR 30 million	Lithuania
7-Feb	Sorainen	Sorainen advised Orion RE Income Fund I, managed by real estate development company Orion Asset Management, on the acquisition of the B66 business center in Kaunas, Lithuania, from developer YIT Kausta Bustas.	N/A	Lithuania
7-Feb	Cobalt; Sorainen	Sorainen advised the Modus Group on the merger of its UniPark brand with Parkdema, which is managed by the Energy and Infrastructure SME Fund of investment company Lords LB Asset Management. Lords was advised by Cobalt on the deal.	N/A	Lithuania

Date covered	Firms Involved	Deal/Litigation	Value	Country
8-Feb	Tvins	Tvins advised the shareholders of the Mundus UAB asset management company on the sale of 51% of their shares to INVL Asset Management UAB.	N/A	Lithuania
9-Feb	Ellex (Valiunas)	Ellex advised Cognizant Worldwide Limited on its acquisition of the remaining 34% of shares in Cognizant Technology Solutions Lithuania from Storebrand, giving it full ownership of the company.	N/A	Lithuania
11-Jan	CMS	CMS advised Poland's PFR TFI on an investment in Lithuania's UAB EMP recycling.	N/A	Lithuania; Poland
31-Jan	DLA Piper; Sulija Partners Law Firm Vilnius	Sulija Partners Law Firm Vilnius advised a subsidiary of AviaAM Leasing on the sale of an Airbus A321-211 aircraft from its fleet with an operating lease contract with Yamal Airlines to a subsidiary of GTLK Europe. GTLK Europe Ltd. was advised by DLA Piper.	N/A	Lithuania; Russia
26-Jan	CMS; Freshfields; Turcan & Cazac; Vernon David & Associates	Turcan & Cazac and Vernon David & Associates advised Banca Transilvania and the EBRD on Moldovan matters related to their joint acquisition of a stake of over 66% in Victoriabank. In the Netherlands and UK, the EBRD was advised by CMS and Banca Transilvania by Freshfields.	N/A	Moldova; Romania
12-Jan	Harrisons	Harrisons provided Serbian advice to the EBRD related to its EUR 35 million loan to the Serbia and Montenegro Air Traffic Services LLC.	EUR 35 million	Montenegro; Serbia
18-Dec	Domanski Zakrzewski Palinka	DZP assisted with the structuring and set up of a joint venture between MTU Aero Engines and Lufthansa Technik.	N/A	Poland
18-Dec	Clifford Chance; SSW Pragmatic Solutions	SSW Spaczynski, Szczepaniak & Partners advised the shareholders of WDX S.A. on the company's acquisition by Abris Capital. Clifford Chance advised Abris Capital.	N/A	Poland
19-Dec	Studnicki, Pleszka, Cwiakalski, Gorski	SPCG successfully defended a company from the Tesco group against a claim made by one of its former franchisees, which was demanding payment of PLN 30 million as compensation for damage allegedly resulting from the termination of the franchise agreement.	PLN 30 million	Poland
19-Dec	Gide Loyrette Nouel; Greenberg Traurig	Greenberg Traurig represented SOHO Development S.A. in the sale of a 53,000 square-meter property in the Soho Factory complex in Warsaw to Yareal. Gide Loyrette Nouel advised the buyer.	N/A	Poland
20-Dec	Janyszek Legal; Solivan Pontes; Watson Farley & Williams	Watson Farley & Williams and Solivan Pontes advised Sequoia Investment Management on the project financing of a 55 MW solar portfolio located in Poland. Janyszek Legal advised the borrowers.	N/A	Poland
21-Dec	Jedwabny & Brzozowska Legal	Jedwabny & Brzozowska Legal advised Wirtualna Polska Media on obtaining financing in the amount of PLN 500 million in the form of loans granted by a consortium of banks.	PLN 500 million	Poland
21-Dec	Domanski Zakrzewski Palinka; Hogan Lovells	DZP advised Souter Holdings Poland sp. z o.o.- the owner of Polksi Bus – on a December 18, 2017 cooperation agreement between FlixBus and Polksi Bus. Hogan Lovells advised FlixBus on the matter.	N/A	Poland
22-Dec	Dentons	Dentons advised Union Investment on its approximately EUR 380 million acquisition of the Magnolia Park shopping center in Wroclaw from Blackstone for its Unilmmo: Europa real estate fund.	EUR 380 million	Poland
22-Dec	FKA Furtek Komosa Aleksandrowicz	FKA Furtek Komosa Aleksandrowicz advised North Base Media on its acquisition of shares in Gremi Media S.A.	N/A	Poland
22-Dec	SSW Pragmatic Solutions	SSW Pragmatic Solutions acted as legal advisors in the share buyback process of Cloud Technologies S.A.	N/A	Poland
22-Dec	Jerzykowski I Wspolnicy; Kurzynski Kosinski Lyszyk Wierzbicki	KKLW, working with the Jerzykowski i Wspolnicy law firm, represented a consortium of Porr and Gulemark oraz Energopol-Szczecin S.A. in a tender for the construction of a tunnel connecting the islands of Uznam and Wolin in northwestern Poland.	EUR 190 million	Poland
22-Dec	Allen & Overy; Greenberg Traurig	Allen & Overy Warsaw advised Banco Santander and its Polish subsidiary Bank Zachodni WBK S.A. on the EUR 305 million acquisition of Deutsche Bank Polska's retail and private banking businesses, excluding its foreign currency mortgage portfolio and including the shares of DB Securities, S.A. (Poland). Greenberg Traurig advised Deutsche Bank AG on the deal.	EUR 305 million	Poland
27-Dec	Dentons; Linklaters	Dentons advised Echo Polska Properties N.V. on its EUR 692.1 million acquisition of the M1 portfolio of 12 retail properties. The seller is the Chariot Top Group consortium co-managed by Griffin Real Estate through its subsidiaries, and was advised by Linklaters.	EUR 692.1 million	Poland
27-Dec	Clifford Chance; Hogan Lovells	Hogan Lovells advised arrangers and joint lead managers BNP Paribas, London Branch and UniCredit Bank AG, London Branch, on the securitization of a portfolio of consumer loans receivables worth PLN 2.3 billion originated by Bank BGZ BNP Paribas S.A.	PLN 2.3 billion	Poland
27-Dec	Domanski Zakrzewski Palinka	Domanski Zakrzewski Palinka advised Enea Wytwarzanie sp. z o.o. on the implementation of a coal-fired energy unit with a gross output of 1,075 MW.	PLN 6.4 billion	Poland
2-Jan	Kwasnicki, Wrobel & Partners	RKKW advised Fit Invest sp. z o.o. (a subsidiary of Benefit Systems SA) on the PLN 12 million acquisition of the remaining 33.94% of shares in Fabryka Formy SA.	N/A	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
3-Jan	SSW Pragmatic Solutions; TGS Baltic	SSW Pragmatic Solutions assisted Capital Park S.A. on its approximately EUR 15 million bonds issuance.	EUR 15 million	Poland
3-Jan	SSW Pragmatic Solutions	SSW Pragmatic Solutions advised GetBack S.A. on its bond issuance with a nominal value of about EUR 7 million.	EUR 7 million	Poland
3-Jan	Jara Drapala & Partners	Jara Drapala & Partners successfully represented ILF Consulting Engineers Polska in an international commercial arbitration conducted under the ICC Rules in London.	N/A	Poland
4-Jan	Chajec, Don-Siemion & Zyto	CDZ advised 24/7 Communication public relations agency on a merger with the Headlines-Porter Novelli PR agency.	N/A	Poland
5-Jan	act (BSWW)	Act Legal Poland, BSWW, advised Rank Progress S.A. on a joint venture agreement and subsequent investment contract with Vantage Development S.A. covering the implementation of a development project on a 14-hectare land plot in Wroclaw.	N/A	Poland
8-Jan	Kochanski Zieba & Partners; Weil, Gotshal & Manges	Weil advised Echo Investment on the EUR 49 million sale of the O3 Business Campus II office building in Krakow to Echo Polska Properties N.V. Kochanski Zieba & Partners advised the buyers on the transaction, which was part of a greater transaction in 2016 involving a portfolio of real estate assets in Poland.	EUR 49 million	Poland
10-Jan	Linklaters	Linklaters advised SDIC Zhonglu Fruit Juice on the acquisition of Polish juice producer Appol Group from its Polish shareholders.	N/A	Poland
10-Jan	Dentons; EY Law	Dentons represented Indykpol S.A. on its sale of a chicken abattoir in Lublin and a chicken hatchery in Turka to SuperDrob. The buyer was advised by EY.	EUR 45 million	Poland
11-Jan	Sojka Maciak Mataczynski Legal	SMM Legal is advising Poland's National Centre for Research and Development on a tender for a public contract to develop and deliver innovative emission-free public transport vehicles.	N/A	Poland
11-Jan	Magnusson	Magnusson advised A-R-A Retail Centers on the previously-reported sale of 28 shopping centers to Chariot Top Group BV.	EUR 1 billion	Poland
12-Jan	Gide Loyrette Nouel; Studnicki, Pleszka, Cwiakalski, Gorski	Gide advised MEDI-system on the acquisitions of the Angel Care elderly care facility from the Angel Poland Group and the Ostoya Care Facility from the Allenort Capital Fund. SPCG advised the Angel Poland Group and Everberg advised the Allenort Capital Fund.	N/A	Poland
17-Jan	Lesnodorski Slusarek I Wspolnicy	LSW advised Golub GetHouse on the purchase of property for the construction of the 140-meter "Liberty Tower" – a skyscraper which will include flats for rent and a hotel area.	N/A	Poland
18-Jan	SSW Pragmatic Solutions	SSW Pragmatic Solutions advised a company from the Holiday Park & Resort capital group to obtain PLN 60 million in financing from the Credit Value Investment group for construction of new holiday and recreation facilities.	PLN 60 million	Poland
22-Jan	Dentons	Dentons assisted GPW Benchmark in preparing documentation for the new Warsaw Interbank Offer Bid Rate and Warsaw Interbank Offered Rate reference rates, which will become effective on February 1, 2018.	N/A	Poland
26-Jan	Studnicki, Pleszka, Cwiakalski, Gorski	SPCG advised an Angel Group Poland company on the acquisition of a 8.5 hectare property in the center of Krakow for the development of a commercial-residential area.	N/A	Poland
30-Jan	Soltysinski Kawecki & Szlezak	SK&S assisted ING Bank Slaski S.A. in obtaining of a permit from Poland's Financial Supervision Authority to create a mortgage bank.	N/A	Poland
31-Jan	Jara Drapala & Partners	Jara Drapala & Partners advised Belgium's Ontex Group, a supplier of disposable personal hygiene products, on the construction of a new plant in the Lodz Special Economic Zone in Radomsko, Poland.	N/A	Poland
2-Feb	Kurzynski Kosinski Lyszyk Wierzbiicki	KKLW represented the auxiliary prosecutor of PKP PLK in criminal proceedings related to a 2012 train crash near the the Polish town of Szczekociny that killed 16 people and left 58 more injured.	N/A	Poland
2-Feb	BSJP; Greenberg Traurig; SSW Pragmatic Solutions	SSW Pragmatic Solutions advised Aerium on the sale of a portfolio of three shopping centers in Poland to Newbridge, an affiliate of Somerston Group. The buyer was assisted by Greenberg Traurig on the acquisition and on financing for the acquisition from Deutsche Pfandbriefbank. The BSJP firm advised DPB on the financing.	N/A	Poland
5-Feb	Greenberg Traurig; Linklaters	Linklaters advised Austrian developer UBM Development AG on its EUR 38 million sale and lease-back of a new Holiday Inn hotel to an institutional investment fund managed by German Union Investment Real Estate GmbH. The buyer was advised by Greenberg Traurig.	EUR 38 million	Poland
6-Feb	SSW Pragmatic Solutions	SSW Pragmatic Solutions advised Brand24 on its IPO and entry onto Poland's NewConnect stock exchange.	N/A	Poland
7-Feb	Dentons	Dentons supported Polish power contractor Rafako in a tender procedure and a contract to build two coal-fired power units on the Indonesian island of Lombok.	EUR 200 million	Poland
7-Feb	Dentons; Linklaters	Dentons' Real Estate team in Warsaw advised Skanska on the sale of two buildings in Krakow's HighFive office complex to Niam. The buyer was advised by Linklaters.	N/A	Poland
8-Feb	Dentons	Dentons represented Stadler Poland, a manufacturer of rolling stocks, in two public tender procedures with a combined value of more than EUR 600 million.	EUR 600 million	Poland
8-Feb	Bird & Bird	Bird & Bird's Warsaw office supported Energa S.A. on the planned hybrid bond issuance by Energa-Operator S.A..	PLN 1 billion	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
9-Feb	CMS; DLA Piper	CMS advised ZFP Investments on its acquisition of the Kotlarska 11 office project in Krakow from UBM Development AG, which was advised by DLA Piper.	EUR 30 million	Poland
12-Feb	act (BSWW)	Act BSWW advised Fortuna Online Zaklady Bukmacherskie sp. z o.o. on an internal merger of its subsidiaries.	N/A	Poland
15-Dec	act (BSWW); Dentons; Greenberg Traurig; Jasinski Kancelaria Radcow Prawnych; Studnicki, Pleszka, Cwiakalski, Gorski	Hogan Lovells advised Benson Eliot on its acquisition of five Polish office buildings, including one in Krakow from Dyskret Polska Group (advised by SPCG), one in Gdansk from EURO STYL (advised by Jasinski Kancelaria Radcow Prawnych), one in Lodz from Virago (advised by Dentons), and two in Poznan from Immobel (advised by Act BSWW). Greenberg Traurig also advised Benson Eliot on the Krakow transaction.	EUR 100 million	Poland; Ukraine
22-Dec	Allen & Overy; Popovici Nitu Stoica & Asociatii	Popovici Nitu Stoica & Asociatii advised Xella International S.A. on its agreement with two Polish private equity funds managed by Enterprise Investors to acquire the Macon Group. RTPR Allen & Overy advised the sellers on the deal.	N/A	Romania
28-Dec	Clifford Chance; Schoenherr; White & Case	Clifford Chance Badea advised J.C. Flowers & Co. on the acquisition by funds it manages of Piraeus Bank Romania from Piraeus Bank S.A. White & Case (as international legal counsel) and Schoenherr (as Romanian legal counsel) advised Piraeus Bank on the transaction.	N/A	Romania
2-Jan	Allen & Overy; Musat & Asociatii	RTPR Allen & Overy advised the shareholders of A&D Pharma on the sale of the entire group to the Dr. Max pharmacy network, owned by Penta Investments. Musat & Asociatii advised the buyers on the transaction.	N/A	Romania
4-Jan	Popovici Nitu Stoica & Asociatii	Popovici Nitu Stoica & Asociatii assisted Auchan with the acquisition of OK Supermarket network, which consists of three stores located in and around Bucharest.	N/A	Romania
9-Jan	Petrea & Asociatii; Popovici Nitu Stoica & Asociatii	Popovici Nitu Stoica & Asociatii assisted longstanding client Voestalpine on the acquisition of the KTL plant in Timisoara, which produces coating for metal components, from Barum Technik. The seller was advised by Petrea & Asociatii.	N/A	Romania
17-Jan	Firon Bar Nir; Wolf Theiss	Wolf Theiss advised Revetas Capital Fund II and an affiliate of Cerberus Capital Management on the acquisition of an 86,000 square meter hotel complex in Bucharest. Firon Bar Nir advised the sellers.	N/A	Romania
22-Jan	Bondoc Si Asociatii; Dentons	Bondoc si Asociatii assisted JD Norman Industries Inc., a US-based manufacturer of steel components, with Romanian law aspects related to its acquisition of REGE Automotive Brasov. The transaction, which involved the shareholdings of REGE Group in several countries, including Germany and Romania, involved financing by Wanxiang America Corporation, and Bondoc si Asociatii assisted JD Norman Industries on Romanian law aspects of that as well. Dentons advised Wanxiang America on the financing.	N/A	Romania
30-Jan	Popovici Nitu Stoica & Asociatii	Popovici Nitu Stoica & Asociatii advised the PZP, SYAA, and ARXTUDIO architecture offices on their merger into a new entity, named CUMULUS.	N/A	Romania
6-Feb	Eversheds; Maravela & Asociatii	Maravela & Asociatii advised Betty Ice, a Romanian ice cream producer, on the sale of the company to Unilever South Central Europe. The buyer was advised by Eversheds.	N/A	Romania
7-Feb	Allen & Overy	RTPR Allen & Overy obtained a dismissal of the application for restitution in kind for the land where the Profi store in the center of Cluj Napoca is located.	N/A	Romania
9-Feb	Zamfirescu Racoti & Partners	Zamfirescu Racoti & Partners successfully represented Romania's National Agency for Mineral Resources in arbitration against Chevron.	N/A	Romania
20-Dec	White & Case	White & Case advised Credit Bank of Moscow on its RUB 14.4 billion public offering of additionally issued ordinary shares on the Moscow Exchange.	USD 248 million	Russia
20-Dec	Art De Lex	The Moscow Arbitrage Court approved a settlement the Art De Lex law firm had negotiated for Global Ports Group in a dispute with Russia's Federal Antimonopoly Service on a RUB 4 billion abuse of dominance case.	RUB 4 billion	Russia
27-Dec	Dentons; Goltsblat BLP	Goltsblat BLP advised Orientir Group (formerly Logopark Development) on its sale of part of a warehouse complex with a total area of about 195,000 square meters to Raven Russia.	N/A	Russia
8-Jan	White & Case	White & Case advised Russian food retailer X5 Retail Group on the acquisition of one of the largest retail supermarket chains in Russia, currently operating under the O'KEY brand.	N/A	Russia
10-Jan	Carnelutti; Dentons; Orrick	Orrick advised U.S. impact finance company FINCA Impact Finance in the divestiture of its micro-finance operations in Russia to Luxembourg-based Mikro Kapital. The transaction involved restructuring third-party financing from the EBRD, the MEF, and the responsAbility Fund. Mikro Kapital was advised by Italian/Russian law firm Carnelutti, and the lenders were advised by Dentons.	N/A	Russia
12-Jan	Dentons	Dentons advised Raven Russia on its acquisition of part of a warehouse complex from the Orientir group.	N/A	Russia
17-Jan	Goltsblat BLP	Goltsblat BLP advised AFG National on the sale of a 35% stake in its subsidiary Yuzhniye Zemli LLC to Volga Group Agro, a company consolidating Volga Group's agricultural projects.	N/A	Russia

Date covered	Firms Involved	Deal/Litigation	Value	Country
17-Jan	Andrey Gorodisskiy & Partners	Andrey Gorodisskiy & Partners supported a capital increase of a commercial real estate sub-fund to RUB 8.8. billion through Telecom-5 – a joint venture of Sberbank PJSC and Rostelecom PJSC.	RUB 2.4 billion	Russia
18-Jan	DLA Piper; Salomons	DLA Piper advised Yandex.Taxi on its acquisition of Russia's FoodFox restaurant delivery service. Salomons advised the sellers.	N/A	Russia
19-Jan	Clifford Chance; Dentons	Clifford Chance Moscow advised a consortium of banks on a EUR 150 million syndicated facility for PJSC Chelyabinsk Pipe, a Russian manufacturer of tubular goods and the provider of integrated solutions for fuel and energy companies. The ChelPipe group was advised by Dentons.	EUR 150 million	Russia
30-Jan	Egorov Puginsky Afanasiev & Partners	EPAM defended the interests of the Federal State Institution of the North West Construction, Reconstruction, and Restoration Management of the Russian Federation Culture Ministry in a dispute over a penalty of RUB 300 million levied against the contractor Stroy Soyuz LLC.	RUB 300 million	Russia
12-Feb	Capital Legal Services; Skolkovo Deal Support Center	Capital Legal Services advised the Rusnano Sistema SICAR fund on its USD 1.5 million investment project into Geosplit, a Russian oil service developer and integrator of technology for the oil industry. Geosplit was advised by the Skolkovo Deal Support Center.	USD 1.5 million	Russia
31-Jan	Egorov Puginsky Afanasiev & Partners	Lawyers from Egorov Puginsky Afanasiev & Partners' Russian and Ukrainian offices represented Bestway Global Holdings, a Chinese outdoor leisure products manufacturer, on Russian and Ukrainian law matters related to its USD 149 million IPO on the Hong Kong Stock Exchange.	USD 149 million	Russia; Ukraine
3-Jan	Karanovic & Nikolic; Zivkovic Samardzic	Karanovic & Nikolic advised Societe Generale Srbija on its acquisition of a part of Jubanka AD Beograd's credit portfolio, including housing and cash credits, credit cards, and credits for small and medium-sized enterprises. Zivkovic Samardzic advised Jubanka on the deal.	N/A	Serbia
4-Jan	Allen & Overy; AP Legal; Karanovic & Nikolic	AP Legal advised UniCredit Bank Srbija a.d. Beograd (a subsidiary of Elicio) on financing provided by it and the International Finance Corporation to Electrawinds-s d.o.o. Belgrade for the development of the Alibunar wind-farm. IFC reportedly was advised on English law by Allen & Overy and on Serbian law by Karanovic & Nikolic.	N/A	Serbia
9-Jan	JPM Jankovic Popovic Mitic	JPM advised Barentz, an international distribution company of high-quality ingredients, on the acquisition of Soforebo-Commerce d.o.o. Sombor.	N/A	Serbia
11-Jan	Bdk Advokati; Dentons; Harrison; Norton Rose Fulbright	BDK Advokati advised Enlight Renewable Energy, as the sponsor, and Electrawinds K-Wind, as the borrower, on the EUR 142 million project financing of Serbia's 104.5 MW Kovacica Wind Farm provided by parallel loans from Erste Group Bank AG (supported by the German Export Credit Agency Euler-Hermes), Erste Bank Serbia, and the EBRD. Dentons was international counsel to Enlight, and the lenders were advised on international law by Norton Rose Fulbright and by Harrison on local legal matters.	EUR 142 million	Serbia
17-Jan	Karanovic & Nikolic; Maric I Mujezinovic (Kinstellar); Norton Rose Fulbright	The Maric i Mujezinovic law office in cooperation with Kinstellar provided local advice to Vetroelektrane Balkana in relation to the EUR 300 million financing of the largest wind farm project in Serbia. The lenders were advised by Karanovic & Nikolic and Norton Rose Fulbright.	EUR 300 million	Serbia
22-Jan	Zivkovic Samardzic	Zivkovic & Samardzic achieved victory in a freedom of expression case for broadcaster B92, its former journalist Nikola Radisic, and its news and current affairs editor and chairperson of the Board of Directors Veran Matic, in the Supreme Court of Cassation of Serbia.	N/A	Serbia
23-Jan	Zivkovic Samardzic	Zivkovic Samardzic advised the SRA Group on setting up its presence in Serbia.	N/A	Serbia
25-Jan	CMS	CMS supported the Serbian government on its selection of a new operator for Serbia's largest airport.	EUR 1.5 billion	Serbia
5-Feb	Dentons	Dentons secured an acquittal for businessman Robert Ciz and his spouse Adriana Cizova, who had been accused of large-scale fraud involving the Glance House apartment building in the Slovakian village of Bernolakovo, near Bratislava.	N/A	Slovakia
19-Dec	ODI Law	ODI Law advised Unior, a Slovenian hand tool producer, on its sale of a 98.56% stake in the Slovenian RTC Kravec ski resort to Alpska InvesticiJSKa Druzba. Attorney Andrej Krasek, the former head of Slovenia's competition agency, advised the buyer.	N/A	Slovenia
18-Jan	Miro Senica And Attorneys	Miro Senica and Attorneys assisted Slovenian company Litostroj Jeklo in its successful avoidance of bankruptcy.	N/A	Slovenia
19-Dec	YYU Legal	YYU Legal advised Erkunt Traktor Sanayii A.S. shareholders with respect to the sale of 100% of the shares of Erkunt Traktor to Mahindra & Mahindra Ltd. Yazici Law Offices advised the buyers on the transaction.	N/A	Turkey
20-Dec	Holman Fenwick Willan; Guzeldere & Balkan; Turunc	Turunc, working aside international counsel Holman Fenwick Willan, advised International Container Terminal Services on its acquisition of a 65% stake in Turkish port manager Evyap Deniz Isletmeciligi. Guzeldere & Balkan advised the sellers on the deal.	N/A	Turkey
22-Dec	Norton Rose Fulbright; Paksoy; Pekin & Pekin	Paksoy advised Ziraat Bank on its entrance into a term facility agreement with China Development Bank. The lenders were advised by Norton Rose Fulbright and Pekin & Pekin.	USD 200 million	Turkey
22-Dec	CMS; CMS (Yalcin Babalioglu Boso Avukatlik Ortakligi); YYU Legal	YYU Legal advised Tersan Tersanecilik Tasimacilik Sanayi ve Ticaret A.S. on a senior loan made to the company by the EBRD to finance the construction of a new floating dock for servicing, repairing, and maintaining commercial maritime vessels near Istanbul. CMS and Yalcin Babalioglu Boso Avukatlik Ortakligi advised the EBRD on the deal.	N/A	Turkey

Date covered	Firms Involved	Deal/Litigation	Value	Country
5-Jan	Paksoy	Paksoy advised DyDo Group Holdings on the acquisition by its Turkish subsidiary Della Gida of 80% shares in Mavidag, a local water production company.	N/A	Turkey
6-Feb	Clifford Chance; Redcliffe Partners	Redcliffe Partners and Clifford Chance advised Citibank Europe Plc (UK Branch) on the restructuring of a USD 16 million outstanding loan provided to Rubzhne Cardboard & Packaging Mill under an up-to USD 88 million term facility.	USD 16 million	Turkey; Ukraine
19-Dec	Konnov & Sozanovsky	Konnov & Sozanovsky successfully represented Microsoft Ukraine in a UAH 2.38 million labor dispute.	UAH 2.38 million	Ukraine
26-Dec	Vasil Kisil & Partners	Vasil Kisil & Partners acted as legal counsel to the National Public Broadcasting Company of Ukraine, operating under the auspices of the Council of Europe, in relation to a change in its regional structure.	N/A	Ukraine
28-Dec	Aequo	Aequo advised JSCB Industrialbank on the restructuring of Mercury LLC's EUR 19.7 million debt under a syndicated loan secured by the mortgage of Kyiv's Khreschatyk hotel.	EUR 19.7 million	Ukraine
2-Jan	Avellum; Cleary Gottlieb Steen & Hamilton; Clifford Chance; Kinstellar	Clifford Chance and Avellum advised the EBRD on a loan of up to USD 350 million to support the modernization and environmental upgrade of Ukraine's largest steel mill, PubJSC ArcelorMittal Kryvyi Rih. ArcelorMittal was advised by Cleary Gottlieb Steen & Hamilton and Kinstellar.	USD 350 million	Ukraine
4-Jan	Eucon	Eucon successfully represented Ukraine's Savik Shuster Studio TV Channel in a tax matter regarding the proper determination of the regular sale price of national TV programs.	N/A	Ukraine
4-Jan	Aequo	Aequo advised Ukraine's Dragon Capital Group on the acquisition of a logistics and an industrial center in the Kyiv region of Ukraine from unidentified private individuals.	N/A	Ukraine
10-Jan	Dentons	Dentons represented Bojer Innovativ Ingenior Radgivning, an engineering consulting company from Aarhus, Denmark, on its appeal of a lower court judgment regarding a raid of its property in Odessa.	n/a	Ukraine
11-Jan	Arbitrade	Arbitrade advised Italian discount airline Ernest Airlines on its entry into the Ukrainian market.	N/A	Ukraine
12-Jan	CMS; Clyde & Co.; Sayenko Kharenko	CMS advised SD Capital on English and Ukrainian law aspects of a joint venture transaction involving towage services in Ukraine's Black Sea port of Yuzhnyi. P&O Maritime was advised on English law by Clyde & Co. and on Ukrainian law by Sayenko Kharenko.	N/A	Ukraine
12-Jan	Sayenko Kharenko	Sayenko Kharenko advised PJSC Toronto-Kyiv on the restructuring of a cross-border syndicated loan facility from PJSC Alfa-Bank to develop the Toronto-Kyiv Business Center in downtown Kyiv.	USD 100 million	Ukraine
18-Jan	Asters	Asters acted as Ukrainian counsel to the International Finance Corporation in connection with an over EUR 30 million loan to the IMMER Group, a Eastern European producer of flexible packaging.	EUR 30 million	Ukraine
19-Jan	Avellum	Avellum advised Deere & Company on Ukrainian employment matters related to its acquisition of the Wirtgen Group.	USD 5.2 billion	Ukraine
22-Jan	Asters	Asters successfully represented Metro Cash & Carry Ukraine in its challenge to fines levied by Ukraine's Antimonopoly Committee in a retail cartel case.	N/A	Ukraine
25-Jan	Aequo	Aequo advised the EBRD on matters of Ukrainian law related to its USD 25 million loan to Astarta, a Ukrainian agribusiness operator and sugar producer.	USD 25 million	Ukraine
30-Jan	Sayenko Kharenko	Sayenko Kharenko advised the Nordic Environment Finance Corporation on a EUR 30 million loan to Ukraine to fund a project designed to boost energy efficiency programs in Ukrainian universities and the teaching conditions in the facilities.	EUR 30 million	Ukraine
30-Jan	CMS	CMS advised the EBRD on funding provided to improve the energy efficiency of public buildings in Ukraine. The Central Ukrainian city of Kremenchuk is the first municipality to receive funding under the EBRD's Public Sector Energy Efficiency Financing Framework.	EUR 9 million	Ukraine
31-Jan	Avellum	Avellum advised the Public Joint Stock Company Commercial Bank Center and its sole shareholder Hamed Alikhani on increasing the bank's charter capital to UAH 200 million.	N/A	Ukraine
2-Feb	Spenser & Kauffmann	Spenser & Kauffmann advised Chinese textile producers Yuyue Home Textile in connection with business structuring issues in Ukraine.	N/A	Ukraine
6-Feb	Baker McKenzie; Gestors	Baker McKenzie, in cooperation with Gestors, assisted Arcelor Mittal Kryvyi Rih with an anti-dumping investigation involving the import of reinforcing steel bars and wire rods from the Russian Federation.	N/A	Ukraine
9-Feb	Eucon	Eucon successfully represented the Ukrflot JCS shipping company in its challenge to a tax fine of over UAH 4.8 million levied by the Office of Large Taxpayers of the State Fiscal Service of Ukraine arising from a purported customs violation.	UAH 4.8 million	Ukraine
12-Feb	Clifford Chance; Redcliffe Partners	Redcliffe Partners worked with Clifford Chance in advising the EBRD on unfunded risk participation agreements with Ukrsibbank valued at up to USD 50 million.	USD 50 million	Ukraine
13-Feb	Eucon	Eucon won a six-year dispute on behalf of Linik PJSC against the tax and customs departments of the Ukrainian State Fiscal Service by successfully appealing a UAH 55 million fine arising from an inspection at Linik to the Supreme Administrative Court of Ukraine.	UAH 55 million	Ukraine

Full information available at: www.ceelegalmatters.com

Period Covered: December 15, 2017 - February 13, 2018

ON THE MOVE: NEW HOMES AND FRIENDS

Former Pekin & Pekin Partners Open New Firm in Istanbul



Three senior Partners from Pekin & Pekin have left that venerable Turkish firm to open their own firm in the Levent district of Istanbul: Dirican | Gozutok | Bagci.

According to a statement on the new firm's website: "With our combined 50+ years of experience, we have assisted clients succeed in managing a wide variety of projects and legal matters, by also adapting to the ups and downs of countless business cycles. At Dirican | Gozutok | Bagci we believe that successfully providing efficient and effective legal service and solutions to our client's needs are paramount. That commitment remains as strong today as ever. As former senior partners of a reputable Turkish law firm, we are excited about this new opportunity to better serve our growing client base."

Partner Gokben Erdem Dirican, who left Pekin & Pekin with colleagues Ali Gozutok and Ahmet Bagci, tells CEE Legal Matters that "after long years in Pekin & Pekin (more than 20 as the leading senior partner of the Dispute Resolution and Arbitration Team with an extensive background in the Corporate Team), I have left the firm for a new career and [a] new chapter of my life."

Konnov & Sozanovsky Merges with ARTEX Ukraine



Konnov & Sozanovsky has merged with intellectual property firm ARTEX Ukraine, with former ARTEX Managing Partner Alexander Molotai becoming K&S's Head of IP.

ARTEX Ukraine began operating in Ukraine in 2011. According to Konnov & Sozanovsky, "the firm possesses a large clientele, and its team is experienced in providing Ukrainian and international clients with services in the area of intellectual property rights protection."

According to Konnov & Sozanovsky, "joining forces will allow Konnov & Sozanovsky to strengthen its IP practice, diversify services as well as to provide a competitive edge in the Ukrainian market of legal services." In addition, according to K&S, Alexander Molotai, "has over fifteen years of practice in various aspects of intellectual property and unfair competition law. Alexander's experience embraces a range of issues related to intellectual property subject matter, such as drawing up and deploying of IP protection strategies for various types of businesses, structuring of transactions that involve IP assets (transfer and licensing of technology and goodwill), suppression of unfair business practices, and IP litigation."

Ellex Valiunas Launches New Tax Practice in Lithuania



Valiunas Ellex has announced the creation of a new Tax Practice Group.

The new group is led by Partner Aiste Medeliene and consists of eight lawyers and tax consultants. It is, according to the firm, “the largest tax practice of any law firm in Lithuania.” According to a statement by the firm, “tax matters are fast becoming some of the most crucial issues for businesses in Lithuania.”

Havel, Holasek & Partners Drops Jan Holasek From Firm Name



The former Havel, Holasek & Partners has changed its name to Havel & Partners.

According to a firm press release, “our company is now listed in the Czech Commercial Register under the corporate name

of Havel & Partners s.r.o., advokátní kancelář, and under the name of Havel & Partners s.r.o., advokátská kancelář, in the Slovak Commercial Register. The change has been instituted to reflect the fact that Jan Holasek, whose surname was shown in the company name since establishment, ceased to be our firm’s partner in 2014 and has since been engaged in his own, mainly investment activities. In addition, the license to use his surname in the firm’s name expired on December 31, 2017 and we agreed not to extend it.”

The firm reports that “this change will in no way break the continuity in our work and the standard of service you have been used to for many years.”

Poland’s DFJ Becomes DMJ with Change of Managing Partner



On January 9, 2018, Dubinski Fabrycki Jelenski appointed Tomasz Masiarz as one of its three Managing Partners, changing its name in the process to Dubinski Masiarz Jelenski.

Masiarz, who has over 17 years experience advising clients on Polish capital markets, replaces outgoing Partner Wojciech Fabrycki.

According to a firm statement, “Assumption by Tomasz Masiarz’s of duties of the managing partner is an element of the strategy of strengthening our transaction practice in the area of securities and public companies. The change will ensure support for our strong Mergers & Acquisition Practice, managed by Jaroslaw Dubinski, Kazimierz Jelenski, and Pawel Kapica, which has carried out the largest number of the most spectacular of the firm’s M&A projects.”

BSJP Merges with Nilsson & Partners in Poland

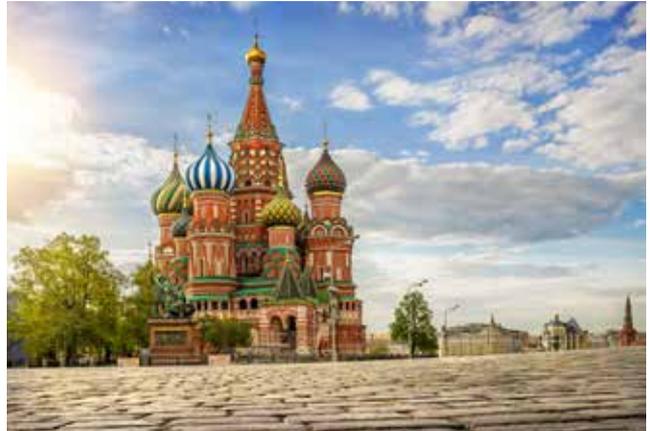


Poland's BSJP law firm has merged with Nilsson & Partners, and the addition of new partners Dag Nilsson and Jaroslaw Sroka transforms the firm's name to BSJP Brockhuis Jurczak Prusak Sroka Nilsson Sp. k.

According to BSJP, "Nilsson & Partners was one of the leading firms delivering consultancy services to Nordic entities active on the Polish Market. Service of said entities will be now provided through BSJP Nordic department. Both law firms have been actively cooperating on the Polish market for many years, providing advisory to investors and enterprises. The reason for the merger is the synergy of both law firms as regards running a business and approaching clients in a personalized way as well as the willingness of co-development on the Polish market, with a simultaneous reinforcement of the scope of industries handled, areas of specialization as well as geographical coverage."

New Partner Jaroslaw Sroka has been with BSJP for seven years. According to the firm, he specializes "in advisory rendered to domestic and foreign enterprises in respect of infrastructure facilities (FIDIC and non-FIDIC contracts), with particular emphasis on public procurement law and construction law. He possesses vast experience in handling transactions connected with real property acquisition, sale and lease, to include as well the so-called greenfield investments. His promotion confirms the significant role played by the construction and real estate sector within the framework of advisory services offered by BSJP."

Makarov Law Office Merges Into Nektorov, Savaliev & Partners



The Makarov Law Office, which specializes in assistance in complex court disputes and bankruptcies, has merged with Nektorov, Savaliev & Partners, with Makarov Managing Partner Roman Makarov joining NSP as Partner.

Roman Makarov graduated from the Legal Department of St. Petersburg State University in 2003. After working in-house for several years, in 2007 he moved to private practice, where, according to an NSP press release, "he represents interests of big businessmen in courts and commercial arbitrations." In addition, NSP reports, "Roman is a member of Boards of Directors of a few companies."

In that same NSP press release, Alexander Nektorov is quoted as saying: "Roman is a true professional having a fundamental approach to affairs. It is worthy of note that the Makarov Law Office administrative structure was like a Swiss watch. Every single thing is at its own place, every employee knows his or her business and it seems that everything works independently. I think that we have experience to share with each other and reach each other with best practices."

Makarov brings with him lawyers Angelina Skorobogatko, Dmitry Nurzhinsky, Ilia Rachkov, and Egor Kondratenko. According to NSP, the new team, which will be managed by Partners Ilia Rachkov and Roman Makarov, "will focus on corporate conflicts, complex bankruptcy processes, commercial arbitration, and international disputes including ones connected with matters [related to the] application of the sanctions."

Roman Makarov said: "We are glad to join to such strong and known team as NSP and become a part of this required and admitted law bureau. We wait that together we will become stronger, acquire new competences and can demonstrate our experience and care to NSP clients and demonstrate our devoted clients advantages of profound specialization using a complex approach."

Taking Flight: Weil Closes Doors as Team Moves to Bird & Bird in Budapest



On February 1, 2018, the entire Budapest office of Weil, Gotshal & Manges, led by Managing Partner David Dederick and Partner Konrad Siegler and including three other senior counsel, joined Bird & Bird in Budapest. Following the move, Weil closed its Budapest office.



David Dederick

The move ends Dederick's 27 year association with Weil in Budapest in 1991 (although he left the firm in 1994 to become Partner with Arent Fox and then General Counsel of the De Benedetti Group, before returning in 1999. He becomes Co-Head of Bird & Bird in Budapest, alongside

London-based B&B Partner Peter Knight. "We were interested in finding a platform with greater flexibility," Dederick says, "and Bird & Bird provides that." He emphasizes that, unlike a number of other international firms in the region, which operate under Swiss Verein or other profit models, "Bird & Bird is one firm, with one partnership. Their integrated structure works better than separate parts trying to work together."

In fact, Dederick says, Bird & Bird's reputation as a technology-focused firm makes it "an ideal match for us. Legal services are being disrupted by technology. So law firms committed to that will thrive. That's what I really like about this firm." In addition, he says "we see great opportunities in tech-focused business such as GDPR-related work."

And the fact that Weil and Bird & Bird specialize in different areas and with different clients – Weil is of course an American firm, while Bird & Bird, despite its tech focus, will only be opening its first office in the United States (in California) later this year – means there are few conflicts to sort out. "The nice thing about our cooperation," he says, "is that we don't overlap in terms of practices."

Co-Managing Partner Peter Knight agrees. "We're so excited about this, and we think it's a great development for the combined teams in Budapest for the main reason that we've got complimentary practices, as David and Konrad's team is top of their game in the areas that they're so well known for, and we like to feel that our team in Budapest is well-known for the work they do in the IT and Tech and Data side of things. So bringing these two groups together with their complimentary skill sets is very exciting to us." Indeed, he says, "We're already getting an encouraging flow of work going around the network from opportunities David and Konrad have brought to other Bird & Bird offices and work other Bird & Bird colleagues have brought to David and Konrad that frankly we wouldn't have been able to do previously."



Peter Knight

While the footprint of many international firms has shrunk in CEE over the past 10 years, Bird & Bird's is growing. Knight says, "I think that the large law firms – some of the large US law firms – their business model has looked at driving large transactional deals and large privatization programs, and whilst those have rather dropped away, those countries become less attractive for them. By contrast, we look at new technologies and new industries, and we see a vibrancy in countries like Hungary, and we're attracted to everything from start-ups to technologically evolving countries, and so our business model shapes up slightly differently."

Senior Counsel Pal Szabo, Ferenc Matrai, and Laszla Nanyista join Dederick and Siegler in making the move, along with ten associates and five trainees. The newly combined Bird & Bird team has 29 lawyers.

Dederick reports that the new Bird & Bird team will settle into a new office in Budapest eventually, although he says "no formal decision has been made yet about where the office will be." Still, he says, "eventually. We want to come together in a new space."

According to a Bird & Bird announcement about the team move, the firm "will continue to work closely with Weil, Gotshal & Manges." Weil did not reply to an inquiry about the move.

SUMMARY OF CEE MOVES AND APPOINTMENTS

PARTNER APPOINTMENTS

Date Covered	Name	Practice(s)	Appointed To	Firm	Country
30-Jan	Gabriela Staber	Life Sciences	Partner	CMS	Austria
8-Feb	Michael Woller	IP/TMT	Partner	Schoenherr	Austria
16-Jan	Tomas Slaby	Real Estate	Partner	act (Randa Havel)	Czech Republic
18-Jan	Ludvik Juricka	Corporate/M&A	Equity Partner	Havel & Partners	Czech Republic
18-Jan	Veronika Rysavkova	Marketing	Partner	Havel & Partners	Czech Republic
8-Feb	Vladimir Cizek	Corporate/M&A	Partner	Schoenherr	Czech Republic
13-Feb	Erik Kolan	Energy; Real Estate	Partner	Glatzova & Co.	Czech Republic
19-Jan	Tanel Kuun	Corporate/M&A	Partner	Tark	Estonia
19-Jan	Tauno Tark	Dispute Resolution	Partner	Tark	Estonia
2-Feb	Kadri Kallas	Corporate/M&A	Partner	TGS Baltic	Estonia
2-Feb	Sander Karson	Corporate/M&A; Private Equity	Partner	TGS Baltic	Estonia
2-Feb	Peeter Viirsalu	Insolvency; Real Estate	Associate Partner	TGS Baltic	Estonia
12-Feb	Mihkel Miidla	IP/TMT	Partner	Sorainen	Estonia
12-Feb	Paul Kunnap	Real Estate	Partner	Sorainen	Estonia
15-Feb	Sofia Kallianteri	Corporate/M&A	Junior Partner	Manousakis	Greece
15-Feb	Konstantina Stampelou	Corporate/M&A	Junior Partner	Manousakis	Greece
15-Feb	Alexia Mandrali	Banking/Finance	Junior Partner	Manousakis	Greece
26-Jan	Zoltan Varszegi	Corporate/M&A	Managing Partner	PwC Legal	Hungary
21-Dec	Ausra Maliauskaite-Embretke	Employment	Partner	Glimstedt	Lithuania
21-Dec	Solveiga Paleviciene	Dispute Resolution	Partner	Glimstedt	Lithuania
21-Dec	Karolina Baronaite	Corporate/M&A	Partner	Glimstedt	Lithuania
5-Jan	Dalia Tamauskaite-Ziliene	Corporate/M&A; Banking	Partner	TGS Baltic	Lithuania
5-Jan	Albertas Sekstelo	Dispute Resolution	Associate Partner	TGS Baltic	Lithuania
5-Jan	Darius Miniotas	Competition	Associate Partner	TGS Baltic	Lithuania
5-Jan	Ieva Povilaitiene	Dispute Resolution	Associate Partner	TGS Baltic	Lithuania
5-Jan	Marius Brasiunas	Banking/Finance; Dispute Resolution	Associate Partner	TGS Baltic	Lithuania

Date Covered	Name	Practice(s)	Appointed To	Firm	Country
5-Jan	Paulius Zapolskis	Dispute Resolution	Associate Partner	TGS Baltic	Lithuania
12-Feb	Augustas Klezys	Banking/Finance	Partner	Sorainen	Lithuania
12-Feb	Mantas Petkevicius	Private Equity	Partner	Sorainen	Lithuania
10-Jan	Ewa Mazurkiewicz	Capital Markets	Partner	Studnicki, Pleszka, Cwiakalski, Gorski	Poland
16-Jan	Anna Flaga-Martynek	Infrastructure/PPP	Partner	WKB Wiercinski, Kwiecinski, Baehr	Poland
16-Jan	Anna Wojciechowska	Corporate/M&A	Partner	WKB Wiercinski, Kwiecinski, Baehr	Poland
16-Jan	Anna Wyrzykowska	Real Estate	Partner	WKB Wiercinski, Kwiecinski, Baehr	Poland
24-Jan	Jaroslaw Sroka	Infrastructure/PPP	Partner	BSJP Brockhuis Jurczak Prusak Sroka Nilsson	Poland
7-Feb	Wiktor Wesolowski	Dispute Resolution	Partner	KKLW Kurzynski Lyszyk Wierzbicki	Poland
16-Jan	Raluca Petrescu	Dispute Resolution	Partner	Popovici Nitu Stoica & Asociatii	Romania
16-Jan	Mihaela Ion	Competition	Partner	Popovici Nitu Stoica & Asociatii	Romania
16-Jan	Ioana Sampek	Real Estate	Partner	Popovici Nitu Stoica & Asociatii	Romania
11-Jan	Anton Zhdanov	Corporate/M&A	Partner	Eterna Law	Russia
22-Jan	Sergey Lisin	Dispute Resolution	Partner	BGP Litigation	Russia
4-Jan	Ivan Nonkovic	Corporate/M&A	Partner	Karanovic Nikolic	Serbia
4-Jan	Goran Radosevic	Corporate/M&A	Partner	Karanovic Nikolic	Serbia
4-Jan	Ivana Disovic	Employment	Partner	Karanovic Nikolic	Serbia
4-Jan	Katarina Guduric	Infrastructure/PPP	Partner	Karanovic Nikolic	Serbia
4-Jan	Petar Mitrovic	Energy	Partner	Karanovic Nikolic	Serbia
7-Feb	Ivan Gazdic	Real Estate	Partner	Bojovic & Partners	Serbia
9-Feb	Ivan Milosevic	IP/TMT	Partner	Jankovic Popovic Mitic	Serbia
9-Feb	Bojan Sunderic	IP/TMT	Partner	Jankovic Popovic Mitic	Serbia
4-Jan	Jaka Simoncic	Corporate/M&A; Banking	Partner	Karanovic Nikolic	Slovenia
4-Jan	Begum Incecam	Corporate/M&A; Capital Markets	Partner	Kolcuoglu Demirkan Kocakli	Turkey
8-Jan	Eren Ucok	Corporate/M&A	Partner	Bener Law Office	Turkey
8-Jan	Bahar Ulgen	Corporate/M&A; Capital Markets	Partner	Bener Law Office	Turkey
8-Jan	Batuhan Sahmay	Employment	Partner	Bener Law Office	Turkey
31-Jan	Ozan Karaduman	Corporate/M&A	Partner	Gun + Partners	Turkey
4-Jan	Volodymyr Igonin	Corporate/M&A	Partner	Vasil Kisel & Partners	Ukraine
4-Jan	Oleg Kachmar	Real Estate	Partner	Vasil Kisel & Partners	Ukraine
4-Jan	Anna Sisetska	Competition	Partner	Vasil Kisel & Partners	Ukraine
17-Jan	Yaroslav Petrov	Energy	Partner	Asters	Ukraine
8-Feb	Yuri Nechayev	Corporate/M&A	Partner	Avellum	Ukraine

Full information available at: www.ceelegalmatters.com

Period Covered: December 15, 2017 - February 13, 2018

PARTNER MOVES

Date Covered	Name	Practice(s)	Firm	Moving From	Country
15-May	Daiva Lileikiene	Infrastructure/PPP	SPC Legal	Tailors	Lithuania
21-Dec	Paulius Gruodis	Corporate/M&A	Ellex (Valiunas)	Glimstedt	Lithuania
3-Jan	Roman Makarov	Dispute Resolution	Nektorov, Saveliev & Partners	Makarov Law Office	Russia
11-Jan	David Dederick	Corporate/M&A; Private Equity	Bird & Bird	Weil, Gotshal and Manges	Hungary
11-Jan	Konrad Siegler	Banking/Finance; Capital Markets	Bird & Bird	Weil, Gotshal and Manges	Hungary
15-Jan	Nazan Diri Bal	Corporate/M&A	Diri Legal (Managing Partner)	Birsel Law Office (Senior Associate)	Turkey
16-Jan	Benjamin Twardosz	Tax	CHSH	Wolf Theiss	Austria
18-Jan	Cosmin Stavaru	Real Estate	Bondoc si Asociatii	Bulboaca si Asociatii	Romania
23-Jan	Dmytro Marchukov	Dispute Resolution	Integrites	Avellum	Ukraine
24-Jan	Dag Nilsson	Infrastructure/PPP	Brockhuis Jurczak Prusak Sroka Nilsson	Nilsson & Partners	Poland
25-Jan	Alexander Rymko	Banking/Finance	Nektorov, Saveliev & Partners	Hogan Lovelss	Russia
29-Jan	Gokben Erdem Dirican	Dispute Resolution	Dirican Gozutok Bagci	Pekin & Pekin	Turkey
29-Jan	Ali Gozutok	Corporate/M&A	Dirican Gozutok Bagci	Pekin & Pekin	Turkey
29-Jan	Ahmet Bagci	Corporate/M&A	Dirican Gozutok Bagci	Pekin & Pekin	Turkey
30-Jan	Yuriy Kotliarov	IP/TMT	Asters	Juscutum	Ukraine
31-Jan	Anna Wolf-Posch	Competition	CHSH	Freshfields	Austria
2-Feb	Dariusz Oleszczuk	Corporate/M&A; Private Equity	Drzewiecki Tomaszek & Partners	N/A	Poland
5-Feb	Bilge Derinbay	Dispute Resolution	NSN	Dulger Law	Turkey
7-Feb	Rafal Zwierz	Capital Markets	CMS	Weil, Gotshal and Manges	Poland
7-Feb	Ramona Iancu	Corporate/M&A	Stratulat Albulescu	Popovici Nitu Stoica & Asociatii	Romania

OTHER APPOINTMENTS

Date Covered	Name	Company/Firm	Appointed To	Country
4-Jan	Marko Ketler	Karanovic Nikolic	Senior Partner	Slovenia
17-Jan	Tomasz Masiarz	Dubinski Masiarz Jelenski	Managing Partner	Poland
1-Feb	Tatyana Nozhkina	Egorov Puginsky Afanasiev & Partners	Head of Criminal Law	Russia
7-Feb	Michal Kurzynski	KKLW Kurzynski Lyszyk Wierzbicki	Managing Partner	Poland
9-Feb	Linas Sesickas	Glimstedt	Managing Partner	Lithuania

IN-HOUSE MOVES AND APPOINTMENTS

Date Covered	Name	Company/Firm	Moving From	Country
9-Feb	Martina Tomova	E&G Finances (Head of Compliance, Risk, and Customer Support)	Uniqa	Bulgaria
N/A	Gabor Bardosi	Philip Morris Hungary (General Counsel)	Wolf Theiss (Counsel)	Hungary
8-Jan	Tomasz Pyrkowski	Philips Lighting (Head of Legal and Compliance Eastern Europe)	Philips Lighting (Head of Legal and Compliance CEE)	Poland
5-Jan	Mirko Lalatovic	Fresenius Medical Care (Head of Compliance, Central and Northern Europe)	Fresenius (West Balkan Compliance Office)	Serbia

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THE BUZZ

LITHUANIA – JANUARY 11

Looking back on a good 2017



According to Dovile Burgiene, Partner at Ellex Valiunas, 2017 was a good year in Lithuania. "I think in terms of foreign investment there were a lot of transactions," she says, with "easy access to money and credit."

Burgiene points to three specific areas of growth. First, she says, "one trend that's very visible in the Baltics is that businesses are consolidating." The most prominent examples, she says, include the merger in the summer of 2017 of the Baltic operations of Nordea and DNB Bank which resulted in the creation of Luminor Bank AS; Rimi Baltic's acquisition of Palink – the operator of the IKI retail chain – which is expected to close soon, and which will represent a merger of the second and fourth biggest retailers in Lithuania; and the Vienna Insurance Group's December 18 acquisition of Seesam Insurance. "Business needs size to be competitive in the Baltics," Burgiene says. In addition, she points to "exits to foreign investors," reflecting "quite a lot of interest from European and even US buyers."

"Another area that we follow from our corporate group," Burgiene says, "is setting up foreign companies. And in Lithuania we have a lot of business outsourcing. A lot of foreign companies, usually IT-related." That outsourcing does "not so much involve call centers, but things like IT centers or offices handing client information." According to her, "Lithuania is trying to attract these investors, who often come from Scandi-



In “The Buzz” we check in on experts on the legal industry across the 24 jurisdictions of Central and Eastern Europe for updates about professional, political, and legislative developments of significance. Because the interviews are carried out and published on the CEE Legal Matters website on a rolling basis, we’ve marked the dates on which the interviews were originally published.

navia and Germany to open up large companies in Lithuania.” That business is “always up and down, but this year has been good, with many companies opening up in cities other than the capital.”

The third source of business, she says, comes from the Baltics’ reputation as a home of innovation in the tech sector. “There’s quite an active scene of startups and digital economy,” she says, “so FinTech is really growing. And our Central Bank is very attentive to payment institutions, and is trying to attract companies that would have their headquarters here.”

While Burgiene is pleased with the state of the Lithuanian economy, she cautions that the Baltic markets are so small that the real drivers of growth are outside their control. “The downside is always the same,” she says. “The Baltics are very small and open economies, so we are very sensitive to crises in larger economies which we export to and trade with. There is no sign of crisis in the local economy, but that’s not really the source of most crises are anyway, as we have very open economies.” As a result, she says, she and her colleagues pay close attention to recent signs that Sweden may be facing economic

problems, for instance. Still, she does not deny that, overall, “the sentiment is good.”

Finally, Burgiene is asked about the news that former Glimstedt Partner Paulius Gruodis has joined her team. “We regularly meet other partners in the market,” she says, “and we met him on several deals, and we’ve seen that the clients he represents have few conflicts with ours, and he has good relationships with them, so he can bring his client portfolios and relationships with him.” She notes that Ellex Valiunas has restructured a bit, with one of its three M&A partners – Ramunas Petravicius – shifting responsibility to take over as Co-Chair of the Litigation Department, meaning that “we need more manpower on the highest level. This means it would be just the two of us, so we needed a third partner to give clients.” Thus, Burgiene says, the decision to invite Gruodis to join them involved “basically his client portfolio and his seniority and experience.” She smiles. “The legal market is a people business, and you need to be present. Two of us are not enough.”

BULGARIA – JANUARY 17

A familiar refrain: NPLs and GDPR



According to Ilko Stoyanov, Partner at Schoenherr, although Bulgaria's is a small legal market, which means that it can be difficult to identify trends and to forecast the future, non-performing loans, the GDPR, and the rapid growth of artificial intelligence are topics that will definitely keep lawyers wired throughout 2018.

“Even though in Bulgaria the trends of the legal market are changing from year to year,” he says, “I can identify at least two or three important things that kept the industry busy last year, and that probably will still be relevant in 2018. First, there are these non-performing loans – the so-called NPLs – which are quite a hot topic across Europe. Banks are looking to sell their NPL portfolios to companies that specialize in collecting these loans. Their goal is to free their capacity, because their entire business relies on extending credit to clients rather than dealing with defaulting clients, which involves large resources from the banks, and usually there are companies, like the buyers of these NPLs, who are more specialized in dealing with default loans.” Stoyanov notes that NPL transactions boomed in Europe after the financial crisis, as they have around the world, and Bulgaria experienced its largest NPL transactions in 2016 and 2017, both in secured and unsecured portfolios. “I believe that these transactions will continue in Bulgaria in 2018 as well,” he adds.

The GDPR is, in Bulgaria as everywhere else in the EU, a hot

topic. “Data protection is a thing that everybody is talking about,” he says. “All the large companies need to reorganize themselves and their IT systems in order to comply with the new rules on how they collect and process personal data.” He reports that a lot of Bulgarian law firms have already started advising clients in relation to personal data. “Our office is of the opinion that the related expectations of law firms will be greater than the demand from clients. Although clients are looking for legal counseling and IT advice regarding the GDPR, I think that IT advice will be in a higher demand,” says Stoyanov.

Turning to the topic of how artificial intelligence might change the legal industry, Stoyanov believes that robots and machines will be able to take over an increasing amount of legal work in upcoming years. “The rapid rise of artificial intelligence surely will affect the legal market,” he says. “Although our firm has not yet seen the consequences of this phenomenon, or how automation really works in the legal field, everybody talks about the possible consequences. It is already happening in the US and in the UK, so at some point it will happen in Bulgaria as well. People are concerned that AI will take lawyer jobs. We can't tell for sure when or in which areas, but it might happen – for example with legal due diligence. A firm would not be obliged to hire 20 lawyers anymore for the legal analyses of a country, for it can be done by a machine in a much shorter time.” Still, computers are unlikely to take over all work from lawyers, he says. “Analyzing documents is probably easier but it would take some time for machines to learn to draft contracts or deal with negotiations. But it might come sooner rather than later and we must adapt. What we do as lawyers is probably not unique despite how we feel about it.”

When asked what's keeping his firm busy at the moment, Stoyanov says that he and his colleagues are dealing mostly with cases related to real estate, energy, NPL, M&A transactions, and foreign investments. “I have to mention that investments coming from the outside were a bit down since the financial crisis – five years ago, for example, we advised more Bulgarian clients than foreigners. But today this interest is growing, with foreigners mainly making greenfield investments. The majority is coming to Bulgaria to create new plants or manufacturing facilities, and this is clearly a source of enthusiasm for us.”

CZECH REPUBLIC – JANUARY 22

Potential reform of the court system



“First of all, I have to say that the legal market and most of the firms are doing quite well right now in the Czech Republic,” says Martin Hrodek, Managing Partner at Baker McKenzie in Prague, “as the sector did some visible recovering during the past two years.”

Hrodek notes that the high effectiveness of tax collection proceedings and transfer pricing matters is drawing the attention of firms and clients. “On one hand, tax offices and directorates, when reviewing various schemes and designs, are becoming more smart. But they still have a long way to go in order to better understand transfer pricing issues, which are particularly important for Czech companies, as we have here many production plants of international companies, which are delivering their products to parent companies which are then distributing them all over the world.”

In Hrodek’s opinion the results of the country’s January 26-27 elections are not likely to affect the legal market. One thing that may, however, is that “the Justice Minister, Robert Pelikan, who served as Justice Minister for the former government as well, wants to make proceedings in front of the Czech Supreme Court more complex.” According to Hrodek, “right now we have to go through two instances of court proceedings – during the first instance courts issue the judgment, then the losing party has the opportunity for an appeal, so comes the second instance to decide which judgment will be considered as final. Mr. Pelikan wants to introduce a third instance procedure, meaning that the judgment of the second instance would not be considered final and enforceable. He is pushing this idea, which evidently will slow the already slow court proceedings even more.”

Otherwise, Hrodek reports, while no new legislation concerning Czech lawyers is expected right now, the development of artificial intelligence is affecting the way law firms operate. “In my opinion firms will have to reinvent themselves and come

up with new solutions as to how to better serve the global clients in the changing future. If they won’t do that, IT companies could take over the market to some extent. Regardless, I think that law firms in the Czech Republic are opened up to new ways, I find them less conservative than some firms from the US for example.”

When asked what kind of deals are keeping companies busy these days in his country, Martin Hrodek said that the M&A market is booming, the GDPR, MIFID 2 and other regulations are also bringing more regulatory work for most firms, and new rules on Civil Procedures are anticipated, though he’s not sure when they will be approved by the Parliament.

LATVIA – JANUARY 26

Changes to Tax Code and employee share options



Changes in the Latvian tax system, the overall strength of the market, and the interest companies are showing in recent improvements to regulations relating to employee share options, along with the looming GDPR deadline, are all keeping law firms quite busy, says Eva Berlaus, Managing Partner at Sorainen Latvia. As a result, she’s quite pleased with the beginning of the year.

Latvia’s regulations affecting employee share options recently underwent significant changes, according to Berlaus, and new clarity has been provided on how and when shares are issued. Although share options were not prohibited before the new regulation was adopted in the fall of 2017, there were no specific rules in place. As a result, she says, “it was a grey area for legal and to some extent for tax consequences.” Berlaus adds that the clarity in the regulations has led to visible interest from companies seeking to employ the mechanism either for the remuneration of employees or to motivate employees more than before.

Berlaus underlines the relationship between the new regu-

lations and the country's tax reforms, suggesting that "the progressiveness in the growing tax burden on the employees might be an additional reason to use those mechanisms."

The changes have positively influenced law firm business, Berlaus reports, as has the improved tax system that went into force in January, 2018. "Since the new laws were adopted, there has been a huge increase in requests for tax services and tax consultations," says the Sorainen Managing Partner, who reports that her firm has a substantial tax practice, which generates a substantial part of the firm's revenues.

Unlike the tax and share option reforms, which were well received by the public, Berlaus says, the significance of the GDPR has not been fully understood in Latvia. "We still hear quite a lot of comments that not everybody has realized that it concerns every company. People still think it applies to somebody else – not to them." As a result, she says, only a small percentage of companies are fully prepared for the regulation's entrance into force in May 2018.

Real estate, which Berlaus says has been picking up for the last four years, remains very strong. Indeed, she believes there is a possibility for increased growth in the sector in 2018. "It is based on a general growth of economy, which is predicated for around four percent this year. Also it is related to the availability of EU funding: new programs became available last year, but not many of the funds have been put to use." Nonetheless, despite concerns about bubbles developing in other countries, Berlaus is confident that comparatively low state debt and various other factors will keep Latvia in a safe zone.

CROATIA – JANUARY 29

Agrokor no real obstacle to foreign investment



"The business sector is definitely calming down in Croatia after the Agrokor scandal shocked the whole region last year," says Partner Mario Krka of Divjak, Topic & Bahtijarevic. "In-

vestors are regaining their confidence and the market is getting back to its old self, while the economy is being boosted by infrastructural and tourism investments already ongoing or planned for this year."

"The restructuring and the ongoing insolvency procedures around Agrokor are still in the pipelines of the legal and the business sectors, but this is no longer the dominant topic," says Krka. "Right now everybody is anxious to see where this huge bridge infrastructure project involving the Peljesac Bridge will go, which is the largest ongoing bridge project in Croatia. It is an EU-funded project that won't need a lot of legal work immediately, but as with any big infrastructure project, at some point it will need lawyers on one side of the table, for it will bring much other related work," he said. "The bridge is considered a big deal now in Croatia. The winning client was actually a Chinese corporation, whose bid beat out several European competitors, but the appeal process is ongoing. The value of the construction – their offer – was a bit under 300 million euros, and it will probably start this year," he adds.

The tourism sector is, as always, a key source of investment in Croatia. "A couple of days ago the Minister of Tourism announced that around 40 new hotels would open up this year," Krka says. "I think it's a lot, but last year we had really good numbers; in certain terms it was a record breaking season. Thanks to tourism blooming and, according to our Minister of Finance, to improved tax collection, there was a surplus in the Croatian national budget for the first time in the country's history since our independence. The surplus I think, is just a bit under 1%, but still, it is a big step forward."

According to Krka, "tourism, as a sector, depends a lot on the international situation, and right now, Croatia benefits from what has been happening in North Africa, the Middle East, Turkey, and even the Mediterranean. Because of the stability of this region, many tourists have chosen Croatia over the

other competing destinations." As a result, he says, there is a real need for high-end – five star, luxury, or even boutique – hotels in his country, which can offer something specific for their customers. "This is the sector where investments are probably going to continue," he reports.

In terms of new legislation that might affect the work of lawyers in Croatia, Krka says that there is some buzz about the restructuring of the commercial registry, but

nothing concrete yet. "I wouldn't call it a reform, but there seems to be an attempt to combine and simplify the procedures for setting up new companies," he says. Still, the results of that issue are hardly critical. "Even without new legislation,

we have quite a lot of work these days. I don't think we were this busy at any time last year, and I assume this is true for many other Croatian firms as well. Many investors were reserved last year, given the uncertainty about how the Agrokor situation would be resolved, and more importantly, how much it will affect the economy, GDP figures, etc. In the end, it wasn't as dramatic as some were expecting, so the market is definitely getting back on its feet, people are ready to invest, to finance, and refinance."

UKRAINE – FEBRUARY 1

Outright optimism in Kyiv



There is a "changing season" in Ukraine, says Mykola Stetsenko, Managing Partner at Avellum, who reports an unusual amount of activity to begin the year, in what is normally a quieter period in the market. As a result, he says, "I may sound too optimistic – but I am quite positive."

Stetsenko describes a flow of steady investments in the country, with most funds placed into such areas as IT – particularly software and video game development – and agriculture. The latter area in particular is experiencing growth even though the country's long-awaited land reform remains incomplete, and Stetsenko says it will probably not happen before the country's presidential elections in March 2019. "I think we lost time," he says, "and this is a very political issue."

Finance is active as well. "Some companies are looking into

debt capital market and issuing new Eurobonds," Stetsenko says. International financial institutions such as the EBRD, the IFC, European banks, and recently OPIC are all active in the Ukrainian market. In addition, he says, many banks are continuing their investments in long-standing clients this year, such as MHP, which will likely prolong sourcing funds for its pre-export facility.

Stetsenko reports that the instability in Eastern Ukraine is increasingly accepted by investors as a predictable factor. In addition, the slowing of the economy in recent years and devaluation of the hryvnya has resulted in a cheap workforce – Stetsenko reports that it's actually cheaper than Chinese labor at the moment – also stimulating investing activity. This is particularly evident in Western Ukraine, which is reporting

significant development and job growth, as a number of companies – particularly several focusing on spare parts production for automobile giants – have recently opened factories in that part of the country.

Stetsenko acknowledges the relative success of the country's well-documented judicial reform efforts in the fight against corruption, but he says the extent of the problem may have been overblown. "I think many experts make this mistake, saying that the biggest problem in Ukraine is corruption. I don't think so – I think it's bureaucracy." However, Stetsenko believes that the new Privatization law adopted in mid-January of this year will bring transparency to the system by simplifying the privatization of state enterprises.

HUNGARY – FEBRUARY 2

What kind of banking/finance transactions will dominate this year?



“If I would need to bet on what the most popular transaction type would be this year in Hungary, I would say M&A deals,” says Partner Szabolcs Mestyán of Lakatos, Kovács and Partners.

Of course, that doesn't mean M&A will be the only active area. Indeed, as the head of his firm's Banking and Finance practice, Mestyán says that the market can expect interesting developments in this area as well. He explains that, although there is a steady stream of transactions in the financial market, the particular form changes often. Before the crisis, he says, it was concessions. During and after the crisis it was restructurings. And most recently, after the crisis, it has been NPLs. He says, “in the past two years finance lawyers have been kept busy with non-performing loan matters, including – in the first line – NPL portfolio transfers. Since most of those deals are now done and closed, probably a new type of transaction will emerge and take the lead. The question is: what type of transaction will it be?”

“The new direction will certainly be influenced by the global market, by current international trends, and by the upcoming elections in Hungary,” says Mestyán. “Even if the legal market itself won't be, the transactions will be affected by the upcoming political events. It's a human thing, people still see elections as a milestone in respect of their business, in respect of their business strategies, and so usually before the elections they delay, waiting for the results.” He adds that this might be the reason why those individuals who will determine what type of transactions will mark 2018 in Hungary are still somewhat in the shadows.

Mestyán refers to several pieces of legislation that are affecting his clients. From a financial law perspective, on a European level, two important set of laws have been adopted, he says: “MiFID 2 and MiFIR, created by EU regulators in an ambitious attempt to offer greater protection for investors and inject more transparency into all asset classes on one hand, and PSD 2, the new Payment Services Directive, which is designed to lift the monopoly of banks on their customer's account information and payment services on the other.” He believes that the new legislation will affect the capital market and investment services framework, as well as the payment services and FinTech market significantly.

However, Mestyán emphasizes that he's not a big fan of MiFID 2. “In my subjective opinion it is an overregulation of the sector. It's aggressive, but then, this was my opinion regarding the MiFID1 Directive as well, ten years ago.” In his opinion, adding more rules and more bureaucracy to the process will not help it achieve its aim. “They say that all these rules are promulgated in order to facilitate the competitiveness of the EU's capital market, but I think that even an ordinary person, not being a lawyer or an investor, could speed up rules. A thousand pages may not achieve that purpose, but rather the contrary.” Instead, he believes, “this regulation places a huge administrative burden on all the investment service providers, particularly on smaller players, for whom the costs of compliance are particularly much higher, thus reaching a high level of counter-productiveness.

Turning to developments in the legal market, Mestyán says that by now most Hungarian firms have developed a strategy for implementing artificial intelligence, some are already using it, while others are in the process of introducing it into their system and daily work. “I believe that all the major law firms will inevitably use A.I. software in their professional work, especially in their due diligence reviews, to become more efficient,” he says.

Mestyán says that he expects to see more mergers of Budapest law firms in the market soon. “In the upcoming period, what we will see is the consolidation of some local law firms. Important exits, mergers, and other movements among Hungarian firms are already on the horizon,” he says, describing the process as representing “a positive direction for the legal market.”

ROMANIA – FEBRUARY 13

Political uncertainty and instability causing problems



“Due to the existing political instability and to unpredictable legislative measures we can say that investors are somewhat reluctant to enter the Romanian market,” says Zamfirescu Racoti and Partners Partner Anca Danilescu, “but we have still had a lot of M&A activity lately, and the real estate market has also been reinvigorated.”

Danilescu says that her firm’s activity in these areas runs counter to many of its competitors. “We realized that sometimes our own practice contradicts the trends of the market. Lately we had a lot of M&A activities, and the real estate market was also very vivid in recent years – Romania became an attractive market for investment funds, and we assisted many clients lately in land acquisition or developing residential areas – and of course many of our clients are focusing on the data protection regulation because of the approaching deadline.”

Still, Danilescu says, the market is somewhat overshadowed by the country’s political situation. “This is not exactly new in Romania; this was the case in the last year as well. Investors are somewhat afraid of the changing market, thus many of

them are on a stand-by position. Our firm also had some negative experiences due to this uncertainty. Some months ago a client wanted to enter the Romania market with a new business in the transportation sector, but then he decided to wait a little bit longer with his business plans; wait and see how the legal picture would look in the future.”

Nonetheless, not everything is on stand-by, and Danilescu reports that the Romania government recently issued important amendments to the country’s labor law, fiscal code, and tax law – all areas that directly or indirectly affect investors.

“Recently we have had many projects concerning employment, due to certain legislative measures that have been adopted,” Danilescu says. “A new piece of law entered into force according to which, going forward, some contributions will burden the employees and not the employer, and this will affect in principle the gross salary of the employees. Our clients are interested in finding ways to mitigate these changes, because they don’t want to have additional costs, but they also don’t want to decrease salaries.”

Changes to the fiscal code have received mixed reviews. “Some of the changes have been well-received well by the investors – others not so much,” she says. “On the one hand, we are talking about a change in the income tax that started at the beginning of this year, which was initiated to encourage investments. On the other hand,

there is the long-discussed fiscal form – the 600 Form – which is meant to determine whether individuals who generated certain types of revenues in the previous year (e.g., from investment, rental, and freelance activities) should pay pension fund and health fund contributions in the current year. In my view this is much ado about nothing, because while there is actually more administrative stuff, the changes won’t significantly influence the nature of previously imposed fiscal measures.” She adds that there were some recent changes in the capital market regulations as well, requiring clients to adapt their by-laws and their internal regulations in compliance.

Danilescu says that she is optimistic about the outlook going forward. “We are expecting some listings to take place this year. Also, I can tell you right now that this year we have already had more international transactions than last year, as it is more frequent that international clients are selling or acquiring businesses with subsidiaries in Romania on an international level.”

PESSIMISM FAILS TO FLUSTER: EMERGING EUROPE ENJOYS ANOTHER STELLAR YEAR OF M&A GROWTH IN 2017

By Helen Rodwell, Managing Partner, CMS Prague,
and Radivoje Petrikic, Partner, CMS Vienna, and
Managing Partner, CMS Belgrade



Helen Rodwell

Investors had reason to be apprehensive about the prospects of Emerging European markets at the outset of 2017: protracted Brexit negotiations hung a cloud over Europe; Eurosceptic parties were widely expected to succeed in imminent elections; and anti-immigration and nationalistic sentiments reared their ugly head.

Yet, due to the growing confidence in the region and prevailing strength of the markets, it was not long before such concerns evaporated and uncertainty proved to be no match for the continuing allure

of investment in CEE, which bore fruit with a 6% increase in deal activity in 2017, according to the latest CMS Emerging Europe M&A Report.

The consistent theme across Emerging Europe in 2017 was the failure of the pessimistic outlook to materialize. This was epitomized in Hungary, where it was widely reported that government initiatives might repel inbound investment and thwart M&A activity. These concerns were clearly not borne out, as Hungary in fact experienced a 126% increase in deal value and a healthy increase on ac-



tivity year on year. Also telling were the results in Romania, which enjoyed a 13% increase in deal volume and 64% increase in value over 2016 figures. Meanwhile in Poland, despite forecasts of a collapse in investment appetite, deal numbers remained at the healthy levels of 2016.

With respect to the countries with more turbulent political environments, it is interesting to note the recent activity in Ukraine and Turkey. Despite a minor decrease in overall deal value, Ukraine had a remarkable surge in activity – an increase from 54 to 90 deals in 2017 – as confi-

dence continued to return since the annexation of Crimea. Meanwhile, Turkey witnessed an increase from 183 to 204 deals, while deal value increased by 46%. Experience demonstrates that fluctuations in deal activity in markets tend to be much more revealing than changes in overall deal value, for the latter is prone to misrepresentation due to the presence or absence of mega-deals. On this basis, then, the figures for Ukraine and Turkey are encouraging.

The health and growing stability of economies throughout the region has not gone unnoticed by foreign markets. In particular, it is clear that shrewd Chinese investors, who have previously remained patient as they gauged the levels of predictability and potential in Emerging Europe, have changed their strategy. The thrilling and bolstering levels of Chinese inbound activity is now so strong, it can no longer be said they are taking a dive into CEE, but rather they are now swimming in the market, searching for the pearls and reaping the rewards. The recent figures certainly back this up, as 2017 saw a 78% increase of Chinese investment in the region – particularly noteworthy on top of the previous rise of 96% in 2016. This placed China clearly above US as the largest investor in the region.

There are no signs of this trend waning, and there is good reason to expect a further increase of Chinese investment – likely to be in excess of 50% – for 2018. Notably, the gap in the level of Chinese investment in greenfield projects still persists, but there are indications that due to the region's steady growth, Chinese fears concerning volatility and the perceived risk of CEE markets have disappeared and have been replaced by enthusiasm about viable, reliable, and profitable financial opportunities. This is also mirrored in the recent growth of interest in the markets from other jurisdictions in Asia, including Japan, South Korea, India, and – more recently – across the broader Middle East.

It is hard to put forward an all-encom-



Radivoje Petrikic

passing explanation for the attitudinal shifts towards Emerging Europe. Yet, it can be said that the boundaries between market maturity in Western, Central, and Eastern Europe are increasingly unclear and the very term “CEE” has become anachronistic to some extent. The suggestion of an intrinsic bond in markets between CEE countries is outdated. While there was relative symmetry between the market maturities in CEE countries in the immediate post-communist era, they have since developed at significantly different rates and are now much more diverse. Moreover, the bridge between Poland and the Czech Republic in particular – and, recently, Romania and Hungary – and Western Europe has become increasingly blurred. Indeed, there are now examples of high-profile private equity funds which have closed their dedicated CEE offices and operations on the grounds that the delineation of many of the CEE markets from Western European counterparts is no longer applicable.

It remains to be seen if the enthusiasm for investment in the region will continue to grow, but early signs are pointing to another solid year of activity. Confidence and endeavor has seemingly replaced hesitance as savvy investors ruthlessly pinpoint undervalued targets. Yet a consequence of this is sellers are now the ones calling the shots.



A DECADE AFTER INDEPENDENCE: HOPE, DISSAPPOINTMENT, AND POTENTIAL IN KOSOVO



Kosovo declared its independence on February 17, 2008, nine years after the 1999 conclusion of its conflict with Serbia, during which time it operated under the protection of the United Nation Mission in Kosovo. The post-war climate in the country was full of hopes for new beginnings, and in 2008 the newly sovereign state began the process of establishing effective and fair legislation, developing an independent economy, and building a protective environment for its citizens.

Although significant improvements have been achieved in that short period of time, expert disagree on certain issues that the country faces now that hold it back from faster growth. On one thing they agree: Kosovo has potential.

Potholes Amid Progress

The journey leading up to and since Kosovo's declaration of independence was and remains full of potholes, including the country's troubled relationship with Serbia – which, like many other nations, refuses to recognize Kosovo as a state. Nonetheless, the country has achieved significant economic growth in the years since its independence, fueled in part by its possession of what is reported to be the fifth largest lignite reserves on Earth.

Thus, despite some economic stagnation in recent years, and some failed major projects, market participants remain hopeful. “There are still many opportunities that would have a huge impact on Kosovo,” says Visar Ramaj, a Founding Partner of the Ramaj & Palushi law firm, who points to a recent EUR 1.3 billion deal to build a new power plant in Kosovo. According to Ramaj, the project is expected to attract foreign investors and increase the country's annual GDP growth rate from its current 4.4% to five or even six percent.

However, some experts have a more skeptical outlook on the current situation. Korab Sejdiu, a Founding Partner of the Sejdiu & Qerkini firm who is currently serving as Member of the Kosovo Parliament, says that while Kosovo seeks EU investments, it simultaneously – like many other countries – suffers from the influx of donations, which often are uncoordinated, inefficient, and problematic. “It is important for the EU, US, and other international donors to sit down with the Kosovo government and set up priorities and allocate each donor specific financial and technical responsibility,” he says. “I believe, in order to be more efficient, it would require coordination between the local government and foreign donors.”

Christian Mikosch, Partner at Wolf Theiss's Kosovo practice, highlights the country's problems with corruption as a serious



Visar Ramaj



Korab Sejdiu

obstacle (Transparency International's 2016 Report ranks Kosovo 95th in its corruption perception index – at the same level as El Salvador, Argentina, Benin, the Maldives, and Sri Lanka). According to Mikosch, “whenever you have a project, there will always be someone who will take advantage of you.” He admits to some frustration with the phenomenon, which has put off scores of potentially interested investors. “We still hope we can assist international companies,” he insists, “but we are not putting a lot of resources there, unless the situation changes.”

“It is important for the EU, US, and other international donors to sit down with the Kosovo government and set up priorities and allocate each donor specific financial and technical responsibility. I believe, in order to be more efficient, it would require coordination between the local government and foreign donors.”

Still, not everyone is so despairing. While Sejdiu acknowledges the presence of corruption in his country, for instance, he does not believe it is significantly greater than elsewhere in the region. And either way, he takes it as a challenge. “Obviously, it is much easier to operate in a more functioning legal system, because it takes less time away from your legal work,” he says. “Practicing law in a dysfunctional legal system is not as efficient – [but] at times it is more exciting. You need to be innovative and a go-getter to ensure success for your clients and show overall success.”

And Visar Ramaj suggests that focusing on corruption misses the point, instead referring to the “rapid changes of the legal framework and the lack of predictability of the legal framework, coupled with political stability on the status of Kosovo,” as “factors impacting on the low level of foreign investments.” Ramaj says these obstacles obscure what he describes as the “many opportunities the Kosovo market presents.”

The Fast Track to a Mature Legal Market

Christian Mikosch of Wolf Theiss says the picture was significantly different fourteen years ago, in 2004, when his firm was brought to Kosovo with a mandate to advise the United Nation Mission in Kosovo (UNMIK) on the incorporation of Pristina International Airport. At the time, Mikosch recalls, “I saw the potential to get more investors to the country. Quite a lot was happening.”

According to Mikosch, the Wolf Theiss team was able to find an innovative approach to Kosovo laws by analyzing the Laws of the Former Socialist Federal Republic of Yugoslavia, Serbia, Albania and other countries in the region. Having offices both in Belgrade and Tirana was an advantage as well, he says, as it allowed the firm to understand the context of both languages and relevant legislation. Mikosch explains the historical analysis of old Yugoslav laws that his firm eventually provided to the UN Mission.

These days, Mikosch says, although Wolf Theiss remains the only international firm that is ranked in Kosovo, its team has been reduced to himself and Wolf Theiss Associate Lukas Slamenczka –both of whom are based primarily in Vienna – along with the firm’s Albanian office, which works on Albanian-Kosovo mandates. His team’s work is “purely opportunistic,” Mikosch says, and is focused mainly on M&A, in large part because of the growing ability of lawyers in Kosovo itself to handle day-to-day matters for sophisticated clients. “Now we have to look towards the possibilities, as there are very good local lawyers already.”

Ramaj believes that, in addition to a halting implementation of new laws, the lack of consistent and reliable jurisprudence affects the legal market. “Today, the challenge is legal predictability, [as] due to the dynamism it is still problematic to predict specific cases.” He suggests that the vigorous efforts of foreign organizations such as the United States Agency for Aid and Development had an inevitable impact on how Kosovo legal system was created. The frequent changes led to problems in the courts and the legal market, according to him, which were not always able to keep up with the rapid changes in the law.

Still, Ramaj insists that progress is unmissable. He points out that, in the years leading up to Kosovo’s independence, “the Kosovo legal market was almost nonexistent, because the courts and legal market were controlled by Serbia.” But, he says, “at this stage, it is growing and we see the move from the solo prac-



Christian Mikosch

tioners, which were the most common and widespread way of practicing law.” The increasingly sophisticated and skilled lawyers offering their services in Kosovo, he says, “help shape the legal market and increase the bar of professionalism.”

Korab Sejdiu points out that the country faced unique challenges post-independence. “Kosovo faced a multilayered legal landscape, so it had basically not only to fill the gap that occurred as a result of economic transition from a centralized to market economy,” he explains, “but also to replace old Yugoslav laws and a plethora of UNMIK regulations which were enacted from the end of the war until Kosovo’s declaration of independence.”

And that transition doesn’t always run smoothly. “The implementation of the laws in Kosovo is somewhat lackluster,” Sejdiu says. “This is also more so felt by the business community, especially with regard to the relationship of citizens and investors vis-a-vis the public administration.” He adds, “basically improving the overall justice system in Kosovo I believe would be key to establishing a better business environment.”

Still, Mikosch, Sejdiu, and Ramaj all insist the problems in the country shouldn’t obscure the real progress being made, and agree with Mikosch’s insistence that Kosovo’s Constitution – created, Sejdiu says, in full compliance with international standards and legal framework – is “innovative and modern.”

“Kosovo is certainly not where we hoped it would have been by now in post-independence,” Sejdiu says. “However, there are some significant steps that have been made and make Kosovo better today than it was a few years ago, and I believe the future is bright for Kosovo.”

Mayya Kelova



INSIDE INSIGHT: INTERVIEW WITH JOVAN VELKOVSKI, GC OF JAT TEHNIKA

Jovan Velkovski is the Head of Legal at JAT (Yugoslav Airlines) Tehnika, an Aircraft Maintenance Repair & Overhaul Center in Belgrade. Prior to joining the company, he worked as a Senior Legal Advisor at Privredna Banka Beograd, where he gained professional experience in bankruptcy cases.

CEELM: Tell us a bit about your professional background and about the road that led to your current position.

J.V.: Immediately after graduating from the Faculty of Law at the University of Belgrade, I found a position as a legal apprentice at a respectable law office. The main advantage of working for this office was the great diversity of work, which allowed me to be very independent in handling legal matters usually done by much more experienced lawyers. The office specialized in bankruptcy cases, and therefore I gained a lot of experience in this area. That was very beneficial for me, mainly because dealing with insolvency procedures upgraded my experience in different legislation areas, depending always on the type of business done by the company that initiated the bankruptcy procedure. Commerce, construction, banking, civil procedures, labor law, real estate law, corporate law ... all in all, a

lot of great experience that proved to be significant for my future career. After two and a half years in that office, I passed the Bar exam, and thus gained the necessary qualifications to enlist in the Chamber of Law as an attorney at law. Experience in insolvency procedures led to me being hired as a legal advisor by Privredna Banka Beograd, which had previously gone into bankruptcy. That position was a significant step forward in my career – sort of a crossroads – as I moved from private law environment and became an in-house lawyer. After a year of intense work, I got an offer to enter a completely new field for me at that time – aviation, to be precise – to work for Jat Tehnika at its maintenance, repair, and operations center in this part of Europe. My commitment and devotion to my new business surroundings generated my first results, and after six months I was promoted to Head of Legal – the position I have today.

CEELM: In your experience, what were the main differences between working in-house in the banking sector and in-house in the aviation industry?

J.V.: Apart from the obvious differences pertaining to these two unlikely fields, the main difference comes from what it means to be a legal advisor, and what it means to be the head of legal. In other words, from the very different competencies and responsibilities that these positions bear.

CEELM: What kind of legal and personal skills are necessary in order to lead a legal team at a company like JAT Tehnika?

J.V.: Jat Tehnika has 800 permanent employees, and a certain number of people who are working there part-time. They work in 12 different sectors, and in six separate bureaus. This fact shows the variety of our staff, but also the variety of work that needs to be done, so that



the aircrafts, the engines, and the different components can be ready and safely back in the air. All of that requires legal support, whether in terms of insurance, labor law, procurement of parts or equipment, property issues, and commercial agreements – and all of which also requires organizational skills and maximum devotion.

CEELM: Where can the added value of a legal department best be seen?

J.V.: The added value of the legal department can best be seen through its relations with employees, as I always insist on honoring their rights to the maximum. This is important because respect is a two-way street: if you disrespect somebody, you cannot expect a positive outcome, regardless of the corporate hierarchy and position. When employees feel that you have invested yourself and your efforts into solving their problem, they

feel like an important part of a bigger system, they are more eager to show enthusiasm for their tasks and obligations. Quite frequently, satisfied employees provide more than expected. In my opinion, ensuring synergy between employees and management is the best strategy for generating successful businesses.

CEELM: To date, what do you consider to be your greatest success at your current job?

J.V.: Jat Tehnika is a completely state-owned company (by the Republic of Serbia), and there is an ongoing privatization process. One of my biggest challenges was taking part in a due diligence team dealing with property law – legal issues with neighboring companies like Air Serbia and Airport Nikola Tesla. Handling such complex and long-standing legal

matters within a team is perhaps the most complicated work that I have done so far, and if it ends successfully, it will be something I would be very proud of. I should also add that I consider introducing greater discipline into our compliance process a success, especially elements related to labor.

CEELM: What are the biggest challenges that in-house lawyers face in Serbia these days?

J.V.: After the arrival of big, foreign companies to Serbia, the market for in-house lawyers has expanded. The issue that this market is still facing is connected to highly networked and well-developed law firms. Big law offices with a significant number of experienced lawyers have a competitive edge over the others. As a result, there is an evident lack of quality in-house lawyers on the market. To conclude, better days are yet to come for in-house lawyers, and with that, as trade and market develops, new bachelors of law fresh out of college will have a better idea where their career should head.

CEELM: What are the most important features that you take into consideration in choosing external counsel to work with?

J.V.: Availability at any time is crucial, of course, to an expected extent. In relation to cases that cannot stand delay, there must be assurance that new challenges can be met, even past working hours. Devotion, punctuality, and professionalism are needless to mention.

CEELM: On the lighter side, how do you relax after a long day at work?

J.V.: After a hard, working day, what I enjoy the most is relaxing with my family. Also, it happens that I stay after hours to exchange ideas and experience with my friends and colleagues in a more informal atmosphere, which I consider very beneficial.

Hilda Fleischer

MARKET SPOTLIGHT: THE BALKANS



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GUEST EDITORIAL: BALKAN LEGAL MARKETS, AND WHAT IT MEANS TO BE A LAWYER IN THE REGION

A decade ago, I was a Competition Law PhD scholar at the City Law School in the London borough of Islington sitting at my desk and watching a beautiful sunset over St. Paul's Cathedral and thinking about career alternatives and opportunities in front of me. Pursuing an academic career in the legally and socially stable environment of England or becoming a lawyer in Montenegro, the country of my origins? The latter meant moving back to the Balkans, which I think it would be fair to say have in the last few centuries been a synonym of instability, and which even now, in 2018, still have the real potential to be unstable. I picked the Balkans route, which, obviously, was the more challenging – but at the same time brilliant – experience.

One of the first lessons that you learn as a corporate lawyer in the Balkans is that nothing can be taken for granted here. The countries in the region are still not fully effective democracies, as enforcing the rule of law remains problematic and accountability channels are still dysfunctional, and the soundness of their financial system remains a big issue.

While growing to encompass the Balkans remains one of the EU's most important projects, it seems that the focus of this project for many years was on creating formal institutions and harmonizing Balkan countries' legislation with the *acquis communautaire* instead of consolidating local democracies. As a result, lawyers in the Balkans are used to working in an environment where judicial security is lacking and where the efficiency of the judiciary is highly questionable. Indeed, in its country progress reports the EU Commission usually points out that progress in strengthening the independence and professionalism of the judiciary in the Western Balkans countries is urgently required. This is not a very comfortable environment to be professionally engaged in, you must agree. Unsurprisingly, then, the day-to-day work of a lawyer in the Balkans is very different – and in many aspects more complex – than the work of a lawyer in Western European democracies.

On the other hand, being a lawyer in the Balkans means taking an active part in the transformation of a region. It also means contributing to the reversing of the negative image that the Balkans sometimes have in the West. And, of course, it means sending the message that lawyers in the

Balkans may well be as competent, professional, and trustworthy as their counterparts in the EU.

The famous quote of Thomas Chalmers, the Scottish mathematician and a leader of the Free Church of Scotland, that *"it has been said that there is nothing more uncommon than common sense,"* must have its origins somewhere in the mountainous Balkans. Indeed, to

my surprise, I have seen much of what I considered to be basic common sense etiquette and many manners of professional conduct broken over the past decade. But this brings me to my next point: All these challenges represent nothing else but the great and unique opportunity to build a successful legal practice in the Balkans: an opportunity that you cannot find easily elsewhere, especially not in the developed legal markets of other Western democracies. So, my point is that in the Balkans, to be successful at running a legal practice, you need to not only know how to practice law and how to run a business, but you need to know how to turn the Balkan weaknesses into your own strength – something that is not taught in law school and which lawyers rarely get much training on. You need to be and practice in the Balkans to master this new skill.

And when you succeed in that, you will be rewarded with the Balkans' beautiful nature, its gaping canyons, rugged mountain ranges, placid lakes, and stunning coastlines. Ultimately, it's a great place for a lawyer to settle in and find a perfect balance between professional and private life. I made the right choice back then in Islington. There's nowhere else I'd rather be.



**Vladimir Radonjic, Partner,
Radonjic/Associates**

A map of Europe with a magnifying glass over the Balkan region. The map shows various countries and cities, including France, Italy, Spain, and the Mediterranean Sea. The magnifying glass is positioned over the Balkan region, highlighting the area of interest for the article.

ROUND TABLE: BELGRADE REVELING IN THE SPOTLIGHT

On January 30, 2018, a select group of prominent Serbian lawyers gathered at the Prica & Partners law firm in Belgrade for a CEE Legal Matters Round Table to discuss the current economic conditions in Serbia and the country's legal services sector.



**A Successful Year
Across Sectors**

The conversation started on an enthusiastic note, with general agreement that 2017 had been good, and reports that 2018 was starting off similarly well. “The economy is more mature than ever,” said Marjan Poljak, Senior Partner at Karanovic Nikolic, who reported that while in the past Serbian lawyers were dependent on the hit-or-miss dynamic of isolated big deals, the work coming to lawyers in the market these days is more consistent – “more and more of the usual stuff.”

**Round Table
Participants:**

- **Darija Ognjenovic,**
Partner, Prica & Partners
- **Gligorije Brajkovic,**
Head of Legal and
Compliance, Unicredit
Bank Serbia
- **Mladan Marjanovic,**
Partner, Marjanovic Law
- **Marjan Poljak, Senior
Partner, Karanovic Nikolic**
- **Slobodan Kremenjak,**
Partner, Zivkovic |
Samardzic

“One can argue that Serbia is stable because the political situation – such as it is – is not undergoing any serious changes,” said Gligorije Brajkovic, Head of Legal and Compliance at Unicredit Bank Serbia. As a result, “the economy is definitely doing better,” he said, pointing to an increase in the request for products received by his bank. Although he conceded that there has been a small drop in actual demand, which he says is tied to this being an election year, he insisted that he expected to see an uptick in 2018



Darija Ognjenovic

from 2017 – a year that was already, he says, “demanding for us as a bank.”

And even though Serbia remains outside it, the EU influences the country’s economy – and the bottom line of the country’s law firms – in significant ways. According to Darija Ognjenovic, Partner at Prica & Partners, her firm is seeing a considerable amount of work stemming from efforts to harmonize with EU legislation in areas related to Company and Data Protection Law, among others, and she said she was particularly enthusiastic about potential in the renewables sector, reporting that there are four large projects already underway financed by the IFC.



Gligorije Brajkovic

On the deal-making side, Mladan Marjanovic, Partner at Marjanovic Law, described 2017 as a successful year. Poljak agreed, pointing to deals ranging from the EUR 125 million acquisition by OTP Banka Srbija A.D. Novi Sad of Vojvodanska Banka, NBG Leasing, and a portfolio of Serbian-risk corporate loans, to some large PPP projects and several large wind farm financings through the IFC and the EBRD, and he reported that he and his colleagues are already seeing an increase in the number of projects planned for this year.



Mladan Marjanovic

Although Ognjenovic noted that consolidation in the bank sector has also produced a good amount of work for lawyers, not everyone was so confident about that work going forward. Slobodan Kremenjak, Partner at Zivkovic | Samardzic, pointed out that while several notable deals did indeed take place in the sector last year, they primarily involved Greek bank exits – as the OTP Banka acquisition Poljak had referred to had – and wondered whether the increased amount of business was actually the result of conditions in Serbia or represented, instead, “matters that spilled over from elsewhere.” If the latter, Kremenjak suggested, expectations that the level of activity would continue might be misplaced.

Ognjenovic made a similar point about

the level of NPL transactions last year, which failed to meet predictions, and she pointed out that NPLs are rarely a subject of conversation in the beginning of 2018. Brajkovic, speaking from a bank’s perspective, explained that level of NPLS in the banks sharply dropped as this is primarily result of good risk policies, previous disposals done by the banks on the market and several legislative updates that made NPL go off-balance.

The banks aside, though, everyone agreed that the number of mid-sized deals in Serbia had increased – and that they expected that increase to continue in 2018. Kremenjak insisted that these deals are just as critical to law firm bottom lines as large deals, which come less often. In his words, firms “won’t turn their back on either.”

Of course, it would be absurd to suggest large deals aren’t eagerly sought-after. Ognjenovic pointed out that firms are happy to have “a few huge ones to work on, not just in terms of revenue but also to have as a good reference.” And Poljak reported that “seeing large investors coming into the country is a positive sign and instils confidence in the market.”

The Law Firm Market: Growth With a Pinch of Competition

The stability in the Serbian economy appears to be the name of the game for the legal market as well. Ognjenovic, for instance, reported that the team at Prica & Partners had increased a bit in size in 2017 and that she expects it to remain steady in 2018, and Poljak reported that Karanovic Nikolic registered steady growth in their various offices as well.

Marjanovic reported that his team at Marjanovic Law grew last year as well, albeit less than it had in previous years: “This is likely the case because we are one of the younger firms and it is easier to grow at this stage. Serbia is however a relatively small market with ten firms or so dividing

the bulk of a market worth about EUR 50 million – maybe even less – so I think increasing past a certain level is difficult.”

The buoyant Serbian economy that justifies steady growth by existing firms also appears to be providing incentive for the launch of new ones, as Kremenjak reported the recent arrival of a number of spin-offs in the market lately – “an increase in the number of smaller, but very capable firms, ready to execute solid work with considerably lower overheads.” Although he said that “none have gutted any of the large players” so far, he described these split-off firms as consisting of “battle-tested lawyers.” He noted that the fact that none have yet merged among themselves or joined other larger firms meant there is still room in the market for them.

Split-off firms, usually smaller and less established on the market, traditionally make attractive financial offers to potential clients. Indeed, Ognjenovic described the split-offs as representing “serious competition for us because they can offer lower fees.” And speaking from a client’s perspective, Unicredit Bank Serbia’s Brajkovic, who says he retained one of the recently split-off firms last year to work on a mid-sized deal when the bank’s go-to firm was conflicted out, was impressed. “They showed pretty good work, I have to admit, and the price was only half.”

Of course, the need to keep fees low while continuing to grow in size is a trick few firms, if any, have been able to master, and Kremenjak conceded that his firm, for one, will probably be forced to raise its fees as it evolves from a boutique into a full-service market participant.

To this Brajkovic encouraged him and the other participants to remember that price alone – while obviously important – is rarely dispositive. “Price is a part of it, sure,” he explained, “but it does come down to a specific lawyer. If the firm grows and they can’t give me the person I am used to working with anymore, that’s

where the real questions will start coming up.”

The Belgrade Beacon

Ultimately, triggered by Poljak’s claim that his firm – Karanovic Nikolic – manages to escape fee pressures by virtue of its regional capabilities, the conversation turned to the different strategies Serbian firms employ to assist clients beyond the country’s borders, as all agreed that a significant amount of their work comes in the form of referrals from international law firms, which are traditionally uninterested in having to arrange separate local partners for each Balkan jurisdiction.

Poljak explained that his firm chooses to follow an integrated approach to its multi-jurisdictional coverage, which he said “provides a comparative advantage,” noting that the strategy required great flexibility to ensure colleagues in jurisdictions across the Balkans were able to comply with varying Bar regulations.

Kremenjak and Ognjenovic, in contrast, explained that their firms chose instead to identify partners in neighboring markets with whom they can cooperate at a consistent quality level, with Kremenjak reminding the table that the identification process is not always easy: “Sometimes you need to make mistakes with a couple of firms before you identify the right partner but, once you do, it can be built into a truly beneficial relationship to both sides.” Ognjenovic agreed, noting that it took her firm “several years to identify the right partners,” before she and her colleagues finally developed the confidence to formalize a regional network.

Regardless of the model, the development of formal and strategic multi-jurisdictional strategies makes sense in light of Belgrade’s central importance for the region. Poljak pointed out that this is significant not only in terms of Belgrade-based cross-border work between Balkan states, but also because a lot of non-Balkan investors come into multiple



Marjan Poljak



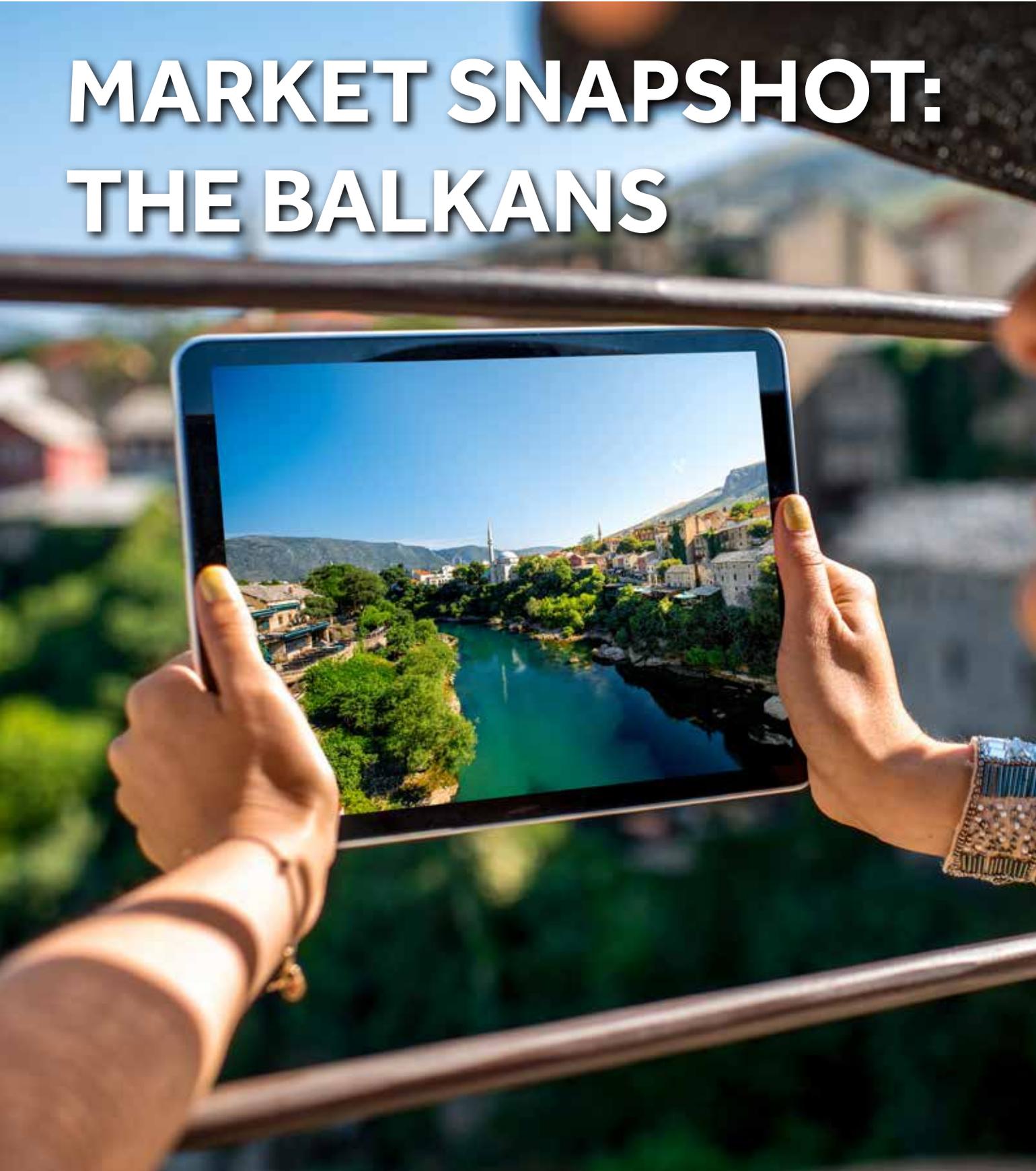
Slobodan Kremenjak

Balkan markets at the same time, usually using Belgrade as a base and/or point of entry.

And it appears law firms in Serbia, and around the region, are ready for the challenge. “I think the markets are a lot more developed now,” Brajkovic said, concluding the conversation on an optimistic note. “The benefit of law firms here evolving and looking beyond Serbia is that the country is really becoming a beacon for the region and they are setting the tone for how legal services are being offered.”

Radu Cotarcea

MARKET SNAPSHOT: THE BALKANS





NEW BANKING LAW OF THE FEDERATION OF BOSNIA AND HERZEGOVINA IN LIGHT OF CORPORATE GOVERNANCE



Sead Miljkovic

The latest financial crisis revealed a number of weaknesses in the Bosnia and Herzegovina banking system, just as it did in most developed countries. In an attempt to preserve a sound banking system in the Federation of Bosnia and Herzegovina (‘FBiH’), both BiH Entities have adopted new Banking

Laws. Although the major changes in the new FBiH Banking Law (the ‘Law’) affect corporate governance, capital adequacy, bank operations, protection of rights and interests of users of banking services, accounting, auditing, and reporting, as well as the supervision of banks, this article focuses on the new corporate governance system and the establishment of control functions in banks in the FBiH and extension of the powers vested in the Banking Agency (the ‘Agency’).

It has been established, particularly after the bankruptcy of the three banks in Republika Srpska (RS), that the existing mechanisms are neither sufficient nor adequate for tackling problematic banks, as they do not allow for a sufficiently quick and efficient intervention by the competent authorities and do not provide for maintenance of the bank’s key functions to the extent necessary, and thus fail to preserve financial stability. In this light, bank operations have been aligned with the requirements of the IMF and the World Bank, and partly with the relevant EU *acquis* sources and relevant Directives. Accordingly, changes to bank governance are the most significant that the banks have been required to introduce in order to comply with the newly adopted Law within nine months of its entry into force.

Aiming to ensure greater importance of control functions, the provisions adopted will strengthen the role of Supervisory Boards and the Agency by expanding the competencies of the Supervisory Board and improving the definition of its composition (going forward, it must include at least two independent members, one of which must be proficient in one of the official languages of the FBiH and reside on the territory of the FBiH), and involving the Agency in the work of the Supervisory Board and the Assembly to strengthen their professionalism, independence, and objectivity.

The bank’s bodies remain the same: the Assembly, the Supervisory Board, and the Management Board. Unlike under the former legal provisions, however, the position, rights, and responsibilities of the Secretary, Procurator and bank associations are defined. Furthermore, the Agency is entitled: to request that the Supervisory Board include certain issues of relevance to the compliance of the bank’s operations with

regulations and regulatory requirements in the agenda of the Annual Assembly Meeting; to attend the meetings of the Assembly and the Supervisory Board; and to address the shareholders as necessary. Although representatives of the Agency do not have the right to vote in these bodies, their presence can raise the quality of decisions relevant to the bank's operations.

The introduction of new committees (Risk Management Committee, Remunerations Committee, Appointment Committee, Voting Committee, and other specialized committees) in addition to the Audit Committee, will further strengthen the control function.

Furthermore, provisions referring to bank Management Boards have been amended, and going forward, Management Boards will be composed of the president and at least three Management Board members, instead of directors and executive directors. Unless otherwise provided by the Statute, the Management Board members will jointly represent the bank in legal transactions. However, no Management Board member can be authorized to represent the bank individually within the overall scope of banking operations.

By adopting the Law, the legislator created a sound legal framework aimed at ensuring a stable financial sector by strengthening the role of the Supervisory Board and increasing the Agency's authority in the area of control and prevention. However, a successful outcome of these amendments will largely depend on the readiness and capacities of banks as well as adequate education of bank employees to implement the Law, as well as the Agency's role in this process.

**By Sead Miljkovic, Attorney at Law,
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CROATIAN LAW ON NULLITY OF LOAN AGREEMENTS WITH INTERNATIONAL CHARACTER



Branimir Ivekovic

Back in the 2000s, the conditions for getting a loan from a Croatian bank were quite strict and complicated. Beside a good credit rating, the banks were asking for a number of securities: mortgages, guarantors, etc. Recognizing that as a good business opportunity, many foreign financial institutions (primarily banks and leasing companies, but also financial cooperatives) decided to enter Croatian market. They offered relatively affordable and simple financing solutions for both Croatian companies and citizens. However, although it was required by law, many of those lenders decided not to establish subsidiaries in Croatia or to seek approval from the competent authorities for their local activities. At that time, the only consequence

for this non-compliance would have been misdemeanor fines for the financial institutions and their local representatives.

Since such fines by the Croatian authorities against the foreign financial institutions without presence in Croatia were almost impossible to enforce, and as the activities of the local representatives were below the radar for the Croatian authorities, foreign financial institutions were almost completely undisturbed in their financing activities in Croatia.

Now, ten years later, those foreign financial institutions might be facing serious difficulties because of their decision to proceed on that basis, as, following a substantial number of non-performing loans, pending enforcement proceedings and political pressure, the Croatian Parliament has recently enacted a new Law on Nullity of Loan Agreements with International Character.

According to the Parliament, the purpose of the new law is to prevent further enforcement proceedings initiated by foreign lenders which were not registered in the Republic of Croatia when the relevant loan agreement was executed.

The new law provides that such loan agreements, including any security documents, are to be proclaimed null and void, retroactively, and without any time limitation. In order to get the loan agreement annulled, the borrower merely has to file a claim, as the new law explicitly stipulates that the Croatian courts are competent for such claims. Thus, even if the loan agreement provided for the competence of a foreign legal venue, the borrower is entitled to file the claim in Croatia.

The new law is very short and unfortunately quite unclear: it affects loan/credit products and is to be applied on borrowers and guarantors alike, as domestic consumers and/or legal entities. It applies to every kind of agreement, disregarding applicable law, if the agreement has been executed in the territory of Croatia and the lender (at the moment of execution) is not registered with the Croatian Court Registry, has not held a banking license from the Croatian National Bank, and/or has not satisfied conditions for doing business in Croatia in general.

The problem for the foreign lenders lies not only in the fact that their loan agreements could be annulled, but also in the fact that this annulment would trigger the annulment of security documents like mortgages and guarantees. In other words, the already registered mortgages would be deleted and the guarantors released of their obligations.

Since the court decisions would have retroactive effect (a loan agreement would be proclaimed null and void from the moment of its execution), the parties will be obliged to return to each other all of the received proceeds: the borrower to return the lender the principal amount without interest, and the lender to return to the borrower the interest back to the borrower. In practice, the best case scenario for the foreign lender would be to retain the principal amount without interest; in the worst

case scenario (if the borrower has not repaid the loan, partially or completely), the lender would have to initiate a new court procedure against the borrower, without having any security instrument of the borrower.

Despite its harsh provisions, the new law cannot be applied on already repaid loans. Also, it does not affect borrowers which are State-owned entities or medium or large entrepreneurs pursuant to the rules of the Croatian Accounting Act.

Although there is still no relevant court practice at the moment of writing this article, the new law will obviously have significant impact on the Croatian judiciary system, in particular with regard to a possible non-constitutional effect due to its retroactive effects.

By Branimir Ivekovic, Ivekovic Law Offices

MONTENEGRIN LAW ON CAPITAL MARKET: NEW LAW TO SUPPORT INVESTORS?



Lana Vukmirovic Mistic

Montenegro, being a small country, is characterized by rapid modifications and changes in its business and financial environments. The new Montenegrin Law on the Capital Market (the “Law”), which came into force at the very beginning of 2018, is designed to create and develop a consolidated financial

background, and represents the first attempt to introduce a systematic regulation in this domain to support investors and efficiently protect their interests.

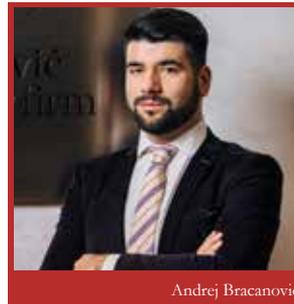
New Law Prevailing Over Previous Difficulties!

In our practice we constantly meet various problems and obstacles – and the under-regulation of the capital market was one of the most constraining. We have witnessed many financial transactions in the last decade in which clients were forced to use different solutions. One cannot think of those conditions as anything but discouraging. We believe that the new Law on Capital Market is undeniably a step towards ensuring better provisions for the integration of the financial market and the vitality of our Capital Market.

The harmonization with European Law, primarily with Directive 2014/65/EU and Directive 2004/109/EC, among others, will provide a wider concept of financial instruments and make the regulatory authority more visible. It is worth noting that Montenegro’s Security and Exchange Commission, which now is recognized as the Capital Market Commission – with full independence and genuineness guaranteed by the incorporated IOSCO Principles – will provide a more secure way to for investors to carry out their transactions. Already visible, the consequences of the Law on Capital Market will undoubtedly go far beyond the mere harmonization requirements.

New Venues and Platforms For New Opportunities!

The Law provides full-scale regulation of financial instruments which were previously not recognized in Montenegro. Introducing new trading venues such as the Multilateral Trading Platform, and comprehending forwards, futures, options, swaps, and so on, the Law creates a desirable environment for trading and transactions, making the Montenegrin capital market more competitive and surely more attractive for foreign investors.



Andrej Bracanovic

It is of the utmost importance that the new Law is directly aimed to protect investors by creating a fair, steady, and regulated capital market; the provisions on the mandatory requirements for the disclosure of information and financial intermediaries in the working of the capital market are intended

to protect investors from various forms of fraud and to leave misleading and manipulative practices in the past of the Montenegrin capital market.

In the second half of 2017 the Montenegrin capital market witnessed the problems which the Security and Exchange Commission faced due to the lack of a mandate. These problems were finally resolved in late December 2017, however, and the Security and Exchange Commission should be able to prepare a better and more secure environment for the implementation of the new Law. It remains to be seen whether the concept of the new Law will be completely absorbed through the creation of the necessary bylaws and its implementation in order to fully address the requirements of the capital market.

The End of a Monopoly?

Transforming the Central Depository Agency to the Central Clearing and Depository Company, in accordance with Directive 97/9/EC, is not a mere statutory change; it defines in detail the formation and operation of the Investor Compensation Fund in order to protect investor claims when an investor is unable to pay or when bankruptcy proceedings have been commenced, as well as in other circumstances of investor financial instrument exposure. Nevertheless, we could also witness the end of the depository agency monopoly in Montenegro, since the new Law diffidently opens the door for the Capital Market Commission to approve other companies for clearing and depository management.

Overall, as far as we can see, since the depth and the size of a national economy vastly depends on its capital market, Montenegro will now be able to interconnect its capital market in the globalized economy.

By Lana Vukmirovic Mistic, Managing Partner, and Andrej Bracanovic, Associate, Vukmirovic Mistic Law Firm

GEOGRAPHICAL INDICATIONS OF ORIGIN IN SERBIA: WHERE THE PAST FUELS THE FUTURE



Tamara Bubalo

Geographical indication of origin, this very peculiar form of industrial property protection, has undergone a revival phase over the past few years, becoming omnipresent not only within natural circles of interest, but also amongst the Serbian public at large. Although at the moment there have been only a few

dozen geographical indications of origin registered with the Serbian Intellectual Property office, for a country of a little over seven million, spread over 80,000 square kilometers of land, these numbers are remarkable – and something to be proud of. Through the goods and services they represent, they paint a picture of a different Serbia.

Generally used for the marking of natural, artisanal, or industrially produced food, goods, and produce, this legal term has come to reflect something much greater; the traditional and folkloric expressions of a country, its socio-cultural identity, and its historical heritage. Through dozens of well-curated picks of what each autochthone region has to offer as its best, once stemming from the ancient past only to be passed down to its modern day successors, these traditional expressions nowadays include textiles, knits, cheeses, wines, and even health services.

The surge in interest surrounding geographical indications of origin is now largely due to a country's policy of promoting and subsidizing small and medium sized enterprises which focus on craftsmanship, artisanal work, and localized types of services which, in a way, help revive and ultimately preserve some of the traditional craft.

Geographical indications, similarly to trademarks, transmit certain messages aimed at informing a potential consumer on the origins of a given product and the specific properties found only in that unique place of origin. They are therefore very useful tools when it comes to highlighting those specific or unique properties of each and every product or service offered under its umbrella. This can, for instance, be reflected through a particular climate, manufacturing, or a traditional approach to creating a product, all depending on the given region.

Thus, as the concept impacts the perception of both domestic and international consumers and promotes the country at large, the protection of geographical indications of origin has proven to be a large success. In Serbia, *Valjevski Duvan Cvarci*, *Pirot Kilims*, *Sirogojno Knits*, and *Bermet sweet dessert wine*, to name just a few, have come to serve as excellent examples of products which, due to their (i) defined geographical area,

(ii) specific, territorially defined manufacturing methods, and (iii) localized product quality, have become recognized tools of promotion both within the country and beyond its borders.

By solidifying its bases through a plethora of now internationally recognized goods, Serbia has very recently gone a step further by registering its very first geographical indication for services offered in Zlatibor, a mountainous region in western Serbia known for its Golden Pine trees.

Stepping out from theory into practice, Serbia has become the very first country to actually register a *service* – the provision of health-tourism services provided exclusively in the Zlatibor region, and more particularly on the territory of the municipality of Cajetina – under the category of geographical indication of origin, thus far only foreseen on paper by local legislation. Registered under the indication *Cigota*, a mountain pass in Zlatibor, this specific service epitomizes a well-balanced mixture of natural and human factors such as, on the one hand, clean air with low humidity, specific light ion concentrations, an absence of allergens, and high pH levels in water, and on the other, a highly skilled medical and diagnostics staff.

Cigota is indeed that perfect example that allows us to shift our perception when it comes to geographical indications of origin, as it tears down the barriers of the traditional use of this legal tool and allows us to consider new possibilities stemming from more innovative concepts.

By Tamara Bubalo, Associate, and Dragomir Kojic, Partner and Attorney at Law in cooperation with Karanovic & Nikolic



Dragomir Kojic

BANKRUPTCY IN THE SPOTLIGHT IN SERBIA



Mladan Marjanovic

The past decade was rather dynamic in terms of the development of the legal framework for bankruptcy in Serbia, as, since its adoption in 2009, the Bankruptcy Law has undergone several amendments, most recently in late 2017, designed to improve the efficiency of the bankruptcy proceedings.

One might say that even before the adoption of the latest amendments we “were doing just fine” in terms of bankruptcy regulations, especially as the Doing Business List of the World Bank ranked the Serbian legal framework better than frameworks of some other countries of Europe and Central Asia, including several OECD countries. According



Marina Lazovic

to the Doing Business list, Serbia holds the 48th place in the world in terms of resolving insolvency. When it comes to the duration of bankruptcy proceedings, Serbia's two-year long period is ranked at the level of the OECD countries.

But the question is: Is "just fine" enough? The answer is quite simple: "No." As certain legal solutions turned to be insufficient, amendments were inevitable.

In Serbia, bankruptcy proceedings may be initiated and directed in one of two possible directions: either towards bankruptcy or towards reorganization. Bankruptcy is carried out either by means of the sale of the company's assets or through the sale of the debtor as a legal entity. Reorganization, as an alternative to bankruptcy, may be performed in two ways: either on the basis of a pre-packaged reorganization plan or on the basis of a reorganization plan adopted in an already initiated bankruptcy proceeding.

Although the primary aim of the Serbian Bankruptcy Law is ensuring the most favorable collective settlement of bankruptcy creditors by achieving the highest possible value of the bankruptcy debtor or its assets, it also opens the door to a new financial start of the bankruptcy debtor by the sale of the debtor as a legal entity or through the reorganization process. Therefore, the Serbian pro-creditor-oriented Bankruptcy Law also provides an opportunity for the bankruptcy debtor to get back on his/her feet and continue the race for profit.

A common issue that has arisen during the application of the Bankruptcy Law relates to the position of secured creditors, which is improved by the most recent amendments. Before, secured creditors had no significant influence on bankruptcy proceeding, which, in practice, often led to delays in settlement of their claims. Among the improvements of the latest amendments are provisions that creditors' boards must have one secured creditor as a member, grant a pre-emptive right of secured creditors in any direct sale of assets which serve as collaterals of their claims, and grant the opportunity for secured creditors who intend to buy assets serving as collaterals of their claims to set-off their claims with the price obtained at public sale. Furthermore, leasing the encumbered assets of the bankruptcy debtor now requires the consent of the secured creditors whose claims the assets secure.

As secured creditors are mainly commercial banks, better protection of their interests could create a better environment for financing and lead to the improvement of the situation on the NPL market.

The amendments to the Bankruptcy Law improve the efficiency of bankruptcy proceedings in many other ways as well,

such as providing the creditors' board with permission to dismiss the bankruptcy administrator and elect a new one at any point in a bankruptcy proceeding, without needing to provide any reasoning.

The main objectives sought by the law, as amended, include reaching a larger creditors' settlement and reducing the costs and duration of the proceedings. It remains to be seen, however, whether these amendments will justify the expectations of the legislator and lead to faster and more efficient bankruptcy proceedings in practice, contributing thereby to the business environment in Serbia in general.

**By Mladan Marjanovic, and Marina Lazovic, Partners,
Marjanovic Law**

INVESTING IN SLOVENIA: RUSSIA IN FOCUS

Of the former Yugoslavian countries, Slovenia was the least penetrated by Russian businesses – a result of mutual caution on both sides.



Katarina Kresal

The financial crisis of 2012 froze most international investments and the introduction of EU sanctions against the Russian Federation due to the Russian invasion to Crimea, Russia's support of the illegally armed groups in the Ukrainian East, and the flow of weapons and militants across the border

in 2014 resulted in further cooling of Russian-Slovenian economic partnerships.

However, those EU sanctions apply by and large only to the military industry (including dual-use products and technologies and related services and assistance), some financial instruments, and certain entities related to the political and military sector. Thus, private businesses not engaged in military and political activities are, in general, not affected.

Russian and Slovenian governments, however, along with their respective business communities, have lately shown increased interest in promoting and reinforcing mutual investment. Although at the moment the investment inflow from Slovenia to Russia outpaces the investments going the other way, the Slovenian market, as one of the best-performing newcomers to the EU, offers solid business opportunities for Russian investors.

For instance, Slovenian market opportunities are largely tied to the state-owned assets offered for privatization (as listed on the website of the Slovenian Sovereign Holding), particularly in such sectors as banking and finance, tourism, the metal/machinery industry, *etc.*

Naturally, private enterprises which find themselves stagnant following the financial crisis of 2012 could overcome the re-

cession and regain the competitiveness of their products and services by way of fresh investment.

Foreign investors coming to the Slovenian market should be aware not only of the local legislation governing mergers and acquisitions, but also, as the country is an EU member state, with EU umbrella legislation. The sphere of foreign direct investment (FDI) as part of the common commercial policy is in the EU's level of competence. Therefore, a foreign investor should consider, along with Slovenian legislation, the possible implications of the EU *acquis communautaire*.

In this respect the European Commission plans to introduce new FDI screening requirements that are likely to affect EU interests, particularly in sensitive sectors such as critical infrastructure, technologies, supply, and sensitive information, where the foreign investor is in any way backed up by his/her government (the EU's list of screening factors is not exhaustive and shall be determined by the Member State concerned).



Anastasiia Poels

A draft Regulation establishing a framework for screening FDI was launched by the European Commission on September 13, 2017 (the "Regulation"). This Regulation is not designed to establish one EU-level mechanism for FDI screening, but rather would oblige the Member States to follow the same standards (including transparency, non-discrimination, setting up the grounds for screening, timeframes, judicial redress, and so on) for screening while coping with FDI in sensitive sectors within national screening processes and to ensure the right of the European Commission or another affected Member State to express their concerns and to obtain a relevant response from the State of investment.

It is also planned, moreover, that by the end of 2018 the European Commission will undertake an in-depth analysis of FDI flows into the EU focusing on strategic sectors and assets.

Although the adoption of the Regulation is rather controversial and some claim it improperly restricts the freedom of investment, it is most likely that a screening process will be introduced in the EU and thus will be added to the M&A legal "to do" checklist.

In the absence of a valid Bilateral Investment Treaty between Slovenia and Russia (one was signed in 2000 but did not enter into force) and due to the high level of connection between Russian businesses and their government the screening process may become an important legal constraint Russian investors should take into account when considering M&A in Slovenia.

By Katarina Kresal, Partner, and Anastasiia Poels, Legal Counsel, Miro Senica and Attorneys

SECURITIZATION FROM A SLOVENIAN PERSPECTIVE

For the past five years the financial market in Slovenia has been characterized by a process involving the selling of non-performing loan and leasing receivables ("Receivables"), mostly to foreign investors. According to information published by the Bank of Slovenia, Slovenian banks still have approximately EUR 1.5 billion of non-performing loans on their balance sheets, and we expect to see more of these loans being sold in the next two years.

Until now, receivables were mostly sold in the form of a "true sale" or a synthetic transfer.



Maja Zgajnar

Securitization can be described as the sale of financial assets (e.g. loans) to a bankruptcy remote special purpose vehicle ("SPV"), which raises funds from investors by issuing securities which generate returns on investment from the cash flow out of the underlying financial assets.

The benefits of securitization include: (i) the freeing up of bank capital, allowing banks to extend new loans to the real economy; (ii) off balance sheet funding; (iii) lower capital requirements; (iv) profit on sale; and (v) investments being made available to a wider pool of investors.

The reputation of securitization was severely tarnished during the great financial crisis. The December 2017 passing of the new EU Regulation on Securitization, however, which will come into effect on January 1, 2019 (the "Regulation"), has significantly increased the interest of investors and banks in the process.

One of the key purposes of the Regulation is to re-establish securitization in the European market by ensuring a stable regulatory environment. This should enable a simple, transparent, and standardized securitization process to develop, which in turn would increase investor trust. It aims to clearly define the roles of all parties involved, assure accurate and reliable information for the assessment of risks, and establish transparency during the transaction.

Some of the regulatory aspects that would have to be considered in the securitization process have already been identified by the Slovenian legislator.

Pursuant to the Consumer Lending Act an investor must obtain a consumer-lending license in order to validly acquire consumer Receivables. The Consumer Lending Act introduced an exemption to this rule in Article 23(4): In the event of consumer Receivables being transferred from a bank to an SPV for the purposes of securitization, a consumer-lending

license is not required.

If no new loans are granted, a banking license is not required either.

The Regulation contains measures that ensure the SPV discloses specific information to the investors before they acquire the securities and during the time of the investment, thus allowing the investors to properly assess the associated risks. When disclosing information on Receivables, the issue of banking secrecy has to be considered.

The Slovenian Banking Act does not contain any explicit exemption on disclosing information that falls within the scope of banking secrecy for the purposes of securitization. However, Article 126(5) of the Banking Act *does* define an exemption that allows disclosure of information that falls within the scope of banking secrecy if such disclosure is required in order to carry out negotiations to execute or fulfill any agreement which a bank enters into within the scope of its standard banking activities.

In our view, a solid argument can be made that disclosure of information in the securitization process – *i.e.*, when Receivables are transferred to the SPV and from the SPV to investors – should be treated as an exemption as defined in Ar-

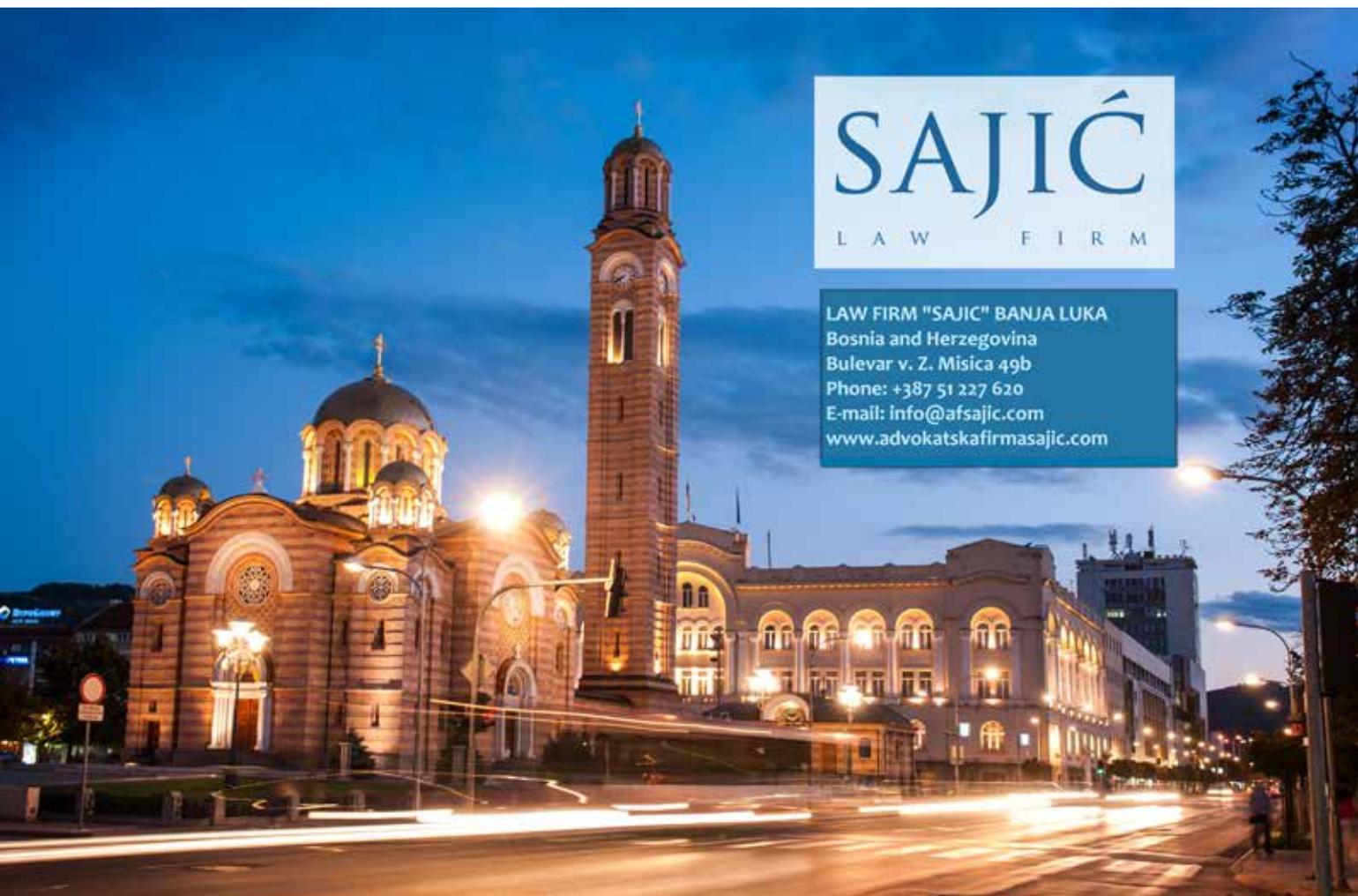
ticle 126(5) of the Banking Act because: (i) transfer of loans to the SPV and investment in securities issued by the SPV should be considered as one transaction (securitization); (ii) securitization should fall within the scope of standard banking activities; and (iii) disclosure of information to investors is required by the Regulation to enable execution and fulfillment of the agreement on acquiring the securities.



Maja Sipek

With this recent increased interest and new developments in the area of securitization, and with adequate supporting regulations in place, this could eventually evolve into a stepping-stone on the path towards a more capital markets-based financing in Europe. In the current environment of increasingly stringent banking regulation, securitization could become an increasingly attractive instrument.

**By Maja Zgajnar, Partner, and Maja Sipek, Associate,
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TOP SIX TAX TOPICS ACROSS SEE

SLOVENIA: FINE-TUNING OF THE TAX SYSTEM



Ivan Kranjec, Tax Attorney,
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In the beginning of 2018, Slovenia introduced several minor and mainly administrative changes to its tax legislation, mostly addressing and resolving inconsistencies in the legislation that had been detected in practice.

The most important change concerns entrepreneurs and legal entities using a simplified “lump-

sum cost scheme” for paying taxes. Until 2018, the use of this scheme, in which tax expenses equaling 80% of the revenue are automatically available to the taxpayer, was identified as prone to abuse. In order to prevent this abuse and tax evasion, the Tax Authority decided the scheme would only be available to those taxpayers not exceeding EUR 150,000 of revenue per year (calculated as a two-year average). Additionally, the lump-sum costs will be limited to EUR 40,000 or EUR 80,000 (for entities employing at least one person) and not automatically to 80% of the revenue, as it was previously.

Slovenia is also promoting its “eDavki” electronic tax portal, which legal entities are required to use after obtaining a verified digital certificate. The portal provides access to most of the Tax Authority’s documents and allows tax-related communication with legal entities. The use of eDavki has recently become available to individuals as well, although they do not need to obtain or use a verified digital certificate.

The most recent auditing actions of the Tax Authority are focused on the taxation of short-term real estate rentals, such as those obtained via Airbnb. The authority has urged non-compliant individuals to report their income and pay the tax voluntarily in order to avoid future audit and potential penalties.

CROATIA: ARE CRYPTOCURRENCIES TAX HAVENS?

With the increasing popularity of virtual currencies, associated tax-compliance risks are getting a lot of attention as well.

The position of the Croatian Central National Bank is that virtual currencies are not a legal means of payment, money equivalent, foreign currency, or e-money. Although virtual currencies are not mentioned in Croatia’s tax laws, the Croatian Tax Authority (TA) has published its position on several aspects of dealing

with them, including VAT, personal income tax, and payments.

The TA has characterized transactions involving virtual currencies as a VAT-exempt financial service related to negotiable instruments. The ECJ, in case C-264/14, put virtual currencies in the context of means of payment and ruled that any exchange

of virtual currency and regular currency is a VAT-exempt supply. The TA is obliged to follow rulings of the ECJ.

Personal income tax rules involving the trade of virtual currencies focus on gains derived therefrom. Although it did not provide an adequate explanation, the TA views virtual currency as the equivalent of money market instruments. Since gains realized in the disposal of money market instruments are taxable, the TA has concluded that gains realized from the sale of virtual currencies should be taxed as capital gains from financial assets – thus at 12% (plus city tax).

Finally, there is the question of payments in virtual currency. The law treats payments of an undertaking to individuals as a cash payment if not transferred into the recipient’s bank account. Using that logic, the TA views payments in virtual currency as cash payments. With only certain types of income payable in cash in Croatia, interestingly enough, a seasonal worker’s salary could be paid in the virtual currency, while a regular salary could not. In B2B transactions, payments in virtual currencies are possible.

BOSNIA AND HERZEGOVINA: EXTENSIVE TAX AND SOCIAL CONTRIBUTIONS REFORMS



Indir Osmic, Attorney-at-Law,
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Following the requirements for IMF financing, Bosnia and Herzegovina and its lower administrative levels are extensively reforming their fiscal and socio-economic legal frameworks to create a favorable environment for development and new investment.

New laws related to indirect taxes (e.g., customs and excise duties) were adopted at the state level, while a new VAT Act is in the process of adoption. Just recently,



Marko Starcevic, Senior Tax Manager,
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the Indirect Taxation Authority introduced e-services for VAT taxpayers to improve tax compliance.

At the entity level, both the Federation of Bosnia and Herzegovina and Republika Srpska have introduced new corporate profit tax laws and bylaws, bringing extensive reform to the transfer pricing rules.

Republika Srpska has also introduced new laws related to personal income and social contributions, which the Federation of Bosnia and Herzegovina is still in the process of adopting. Under the current drafts, a progressive income tax rate will be introduced and the social contributions rates will be slightly reduced.

Regulatory regimes affecting company laws, labor laws, and pension systems are also being reformed. As part of the pension system reform, the entities are working more dynamically on developing a voluntary-pension sector. CMS Sarajevo in cooperation with local lawyers has advised stakeholders on the successful establishment of the first voluntary pension fund and management company in Bosnia and Herzegovina.

SERBIA: INCENTIVES TO PUBLIC-PRIVATE PARTNERSHIP PROJECTS



Ivana Blagojevic, Senior Tax Lawyer, CMS Belgrade

Serbia has amended its VAT and corporate income tax regulations in an effort to accelerate economic activities and employment and incentivize public-private partnership projects.

As of 2018, and if certain conditions are met, goods and services supplied by the private partner to the public partner, and vice versa,

are out of scope of Serbian VAT. Such treatment (out of scope of VAT) is granted provided that: (i) the goods and services are supplied within the framework of a public-private partnership agreement with concession elements concluded in accordance with the Serbian Act on Public-Private Partnership and Concessions; (ii) both public and private partners must be taxable and VAT registered in Serbia; (iii) if the supply of goods and services would otherwise (i.e. in the absence of the public-private partnership agreement, but under a regular commercial agreement) be taxable under Serbia's VAT Act, both the public and private partner would have the right to deduct input VAT.

General VAT rules, however, apply to supplies of goods and services within a public-private partnership agreement with concession elements that were already paid for in part or in full before January 2018.

From the corporate income tax perspective, new depreciation rules for intangible assets have been introduced in 2018. Intangible assets such as concessions, licenses, patents, brands, and franchises are to be depreciated by applying the straight-line depreciation method in proportion to their useful life. The depreciation base is the acquisition price.

MONTENEGRO: DOUBLE TAX TREATY WITH PORTUGAL IN APPLICATION

The Treaty on Avoidance of Double Taxation between Montenegro and Portugal, which is in force and applies as of December 7, 2017, introduces several benefits and opportunities



Nebojsa Pejin, Attorney-at-law, CMS Podgorica

for both Portuguese and Montenegrin companies. A 5% tax is introduced on dividend income (if the beneficial owner is a company other than a partnership which directly or indirectly owns at least 5% of the company's share capital) and on income from royalties.

Income from the provision of consulting, market research, and auditing services earned by Portuguese companies is exempt from withholding tax in Montenegro (provided there is no permanent establishment of the Portuguese company in Montenegro).

Capital gains realized on the sale of shares or comparable interests are exempt from taxation in Montenegro if less than 50% of the value of shares or interests is derived directly or indirectly from real estate located in Montenegro. Capital gains realized on the sale of naval ships and aircraft used in international traffic or from related movable assets are taxable only in the country where the company's place of effective management is located.

MACEDONIA: PERSONAL INCOME TAX CHANGES

New personal income tax regulations effective from 2018 require Macedonia's tax authority to prepare and deliver an annual tax return to each taxpayer for the previous year no later than April 30th. If the taxpayer does not confirm or correct this tax return in the following month, it will be considered final.



Ana Bozarova, Associate, CMS Skopje

Still, old rules apply to tax returns for 2017 and taxpayers should file their tax return themselves.

Under another amendment, relating to the calculation and payment of personal income tax for each payment of income, the payers of income must file the calculation of the gross income, the personal income tax, and the net income to the tax authority before each payment. The tax authority will control and approve such calculation and the income payer will be provided with an electronically generated payment order for the personal income tax and the net income.

This will enable the tax authority to control the payment of personal income tax and be provided with the information it requires to prepare annual tax returns.

The background of the page features a large, vibrant image of the European Union flag, with its characteristic blue field and twelve golden stars, waving against a clear blue sky. To the right, a portion of a modern building with a glass facade is visible, reflecting the sunlight. The overall scene conveys a sense of progress and international cooperation.

EAGER FOR THE EU: MACEDONIAN AND ALBANIAN LAWYERS LOOK FORWARD

The western Balkan countries of Albania, Bosnia and Herzegovina, Kosovo, Montenegro, Serbia, and the Republic of Macedonia share the desire to join the European Union. Two of these countries — Albania and Macedonia — are particularly close to accession. We spoke to several lawyers to learn more about how accession could affect the business landscape and the work of lawyers in the two countries.

Balkan Background in Berlin

European leaders concluded years ago that strengthening the integration of the Balkan region as a whole would produce faster and more effective results than focusing on the countries separately. From this idea the so-called “Berlin Process” was born in 2014, when Chancellor Angela Merkel hosted the first Conference of the Western Balkan States in the German capital to consider the future enlargement of the European Union, begin the process of revitalizing multi-lateral ties between the Western Balkans and EU member states, and improve regional cooperation in the Balkans on infrastructural and economic matters. This first conference was followed by a 2015 Vienna Summit and a 2016 Paris Summit and, this past summer, by a 2017 Trieste Summit.

Six countries are currently recognized as candidates for EU membership: Albania, Iceland, Macedonia, Montenegro, Serbia, and Turkey (although Iceland suspended negotiations in 2013). In addition, both Bosnia and Herzegovina and Kosovo have been officially recognized as potential candidates, and Bosnia and Herzegovina has submitted a membership application.

Countries seeking to become members of the European Union must meet the so-called “Copenhagen criteria,” defined at a 1993 meeting of the European Council in Copenhagen, which include being stable democracy that respects human rights and the rule of law; possessing a functioning market economy; and accepting the obligations of membership, including EU law.

After years of preparation and the adoption of new laws by Albania and Macedonia in order to harmonize their internal legislation with EU directives, and pursuant to the Berlin Process, the long process to EU membership appears closer than ever to completion. Unsurprisingly, lawyers in these two markets believe their countries would, indeed, reap significant benefits from accession.

Alert in Albania

Albania was first recognized by the European Union as a potential candidate in 2000 and signed the Stabilization and Association Agreement in 2006, which completed the first major step towards full EU membership. The country then formally applied for EU membership in 2009 – the same year it joined NATO – and five years later, in 2014, the Council of the European Union agreed to grant Albania official candidate status. Formal accession negotiations with the EU may begin as soon as this spring.

Lawyers in the country are optimistic that those talks will happen – and confident about what the results of accession would be. Perparim Kalo, Managing Partner at Kalo & Associates, believes that even if immediate accession is unlikely, formal negotiations towards the goal will inevitably bring more work – and hence more business – to local law firms. According to Kalo, “on the one hand, this step would increase the transparency and the fairness of doing business with governmental institutions on public tenders. In the past many projects have suffered from a lack of transparency and the bureaucratic nature of the system. On the other hand, the Albanian government would benefit from new EU funds to involve the private sector and continue now at a higher scale infrastructure projects like building of roads, bridges, hospitals, laboratories, and so on. In such a lineup, lawyers have three options: to represent the financial institutions and government entities as contracting authority/employer, or the private sector.”

Continued progress towards accession, Kalo believes, would include improving the credibility and predictability of Albanian court process and rulings by eliminating corrupt judges and prosecutors. “This would definitely give more security to investors,” he says. “Today, when they think about Albania, they think of a corrupt judicial system, so many don’t come here in fear that they’ll lose the rights under their contracts. A more transparent



Besnik Duraj



Gjorgji Georgievski



Biljana Joanidis Velichkovska

and reliable system would relax businesses, would loosen up the entrepreneurial spirit. We are hopeful that the Berlin Process, which aims to strengthen the region's EU perspective by improving economic stability, legal services, and cooperation, not only within the region, but also with the EU countries, will be a great help in this."

Finally, Kalo says, a third level of benefit could come from the Albanian government's potential access to previously unavailable financial sources to improve the status of strategic investors. "If someone is interested in areas that are not well-developed yet in Albania, like tourism, or energy, they get the status of privileged investors, and the government must give them special incentives. Such status will of course generate benefits for the economy of the country and the public at large."

Besnik Duraj, Partner at the Drakopoulos Law Firm in Tirana, is also enthusiastic about potential EU accession. "This for sure would change the economic and the legal market landscape in the years to come," he says. "It would not only open up doors to EU funds to pour in the country, but would also show foreign investors that the Albanian legal system is much more mature than they think."

Duraj believes that Albanian law is already becoming more complex and sophisticated as a result of the country's commitment to approximating EU regulations. "Foreign companies investing in Albania are driving us towards the adaptation of higher standards. They started to reevaluate their internal regulations concerning data protection, even for their subsidiaries in Albania, and this motivates local businesses to keep up. As a result there are some niche practice areas that have started to gain a well-deserved importance, such as data protection, competition law, IT, etc. We are seeing a lot of work in these particular industries, and in the future I believe many more will follow."

In the meantime, Duraj says, the Albanian

legal market is stagnant. "We have had no substantial growth in the economy lately, and this reflects on the legal market as well. If eight years ago you could see a yearly increase in the employment rates, you don't see that anymore. There is not much room for newcomers. In my personal opinion, traditional players are holding their ground, and even though smaller firms are popping up regularly, I don't see the new ones representing a particular threat to the already established firms. In a fragile economy, with a small market like Albania, opening a new office now, doesn't really make any economic sense."

Ultimately, both Kalo and Duraj believe that Albania's accession to the EU would be beneficial not only for the country itself, but for the whole Western-Balkan region, providing more stability for its neighbors as well.

Meanwhile in Macedonia

Observers in the Republic of Macedonia, Albania's eastern neighbor, expect this year to be better than last, both in new policies of significance and a more viable economy. Although it was the first Balkan country to sign a Stabilization and Association Agreement with the EU in 2001, the process seemed stuck in mud for many years. The country finally submitted its membership application in 2004, thirteen years after its independence from Yugoslavia. Today, however, Macedonia remains locked in what appears to be an insoluble dispute with Greece over the country's name, with Greece blocking formal accession talks as long as the country insists on using the name, which Greece insists belongs exclusively to its own northern province. However, there is increased hope in the region that a solution can be found, opening the door to serious negotiations about EU accession.

"Right now, everybody is waiting to see the outcome of the name dispute negotiations between Greece and Macedonia, which are expected to move the whole legal market in a more positive

direction," reports Gjorgji Georgievski, Partner at ODI Law in Skopje. "Besides the name dispute, the political crisis for the past three years has also left serious consequences on the economy. If the name dispute is resolved, Macedonia's prospects of joining the EU will grow. I am sure that this will be a big incentive for foreign investors to enter the market, meaning a greater influx of work for law firms."

"We have to raise our electoral standards, ensure better media freedom and pluralism in the press, and strengthen our court reforms. The most important condition is evidently the name dispute, but we are optimistic."

According to Georgievski, Macedonia already has benefited from pre-accession EU instruments and funds - especially for infrastructure - and as soon as the country receives a date for the negotiation process, he expects it to become a more attractive destination for foreign investors as well. "Everyone who wants to invest in a foreign country seeks stability," he says, "and expects that the country's local legislation will be aligned and implemented in accordance with EU standards."

And Biljana Joanidis Velichkovska, Managing Partner at Skopje's Joanidis Law Firm, reports that Macedonia already managed to harmonize most of its legislation with EU directives. "A lot of new laws emerged in the country in the beginning of 2018," she says, "like laws for amnesty, for data protection, for personal income tax, and one that attempts to make Albanian the country's second official language. All these needed to be clarified in order to reflect the EU directives, and slowly, we are implementing them."

In fact, the language law Velichkovska refers to is still in Parliament, and its implications remain controversial in the country. Ethnic Albanians make up about a quarter of Macedonia's 2.1 million pop-

ulation, and the new law would allow them to use Albanian in communications with all official institutions throughout the country. This means that Macedonian residents would be able to obtain official documents in Albanian throughout the whole country – not only in municipalities with an ethnic Albanian majority. “This obviously will affect the legal market as well,” she says, “for court proceedings must adapt too. Firms will have to hire people who speak both languages, or in towns where more than 20% of the population is of Albanian nationality, courts must provide translators.”

Ultimately, Velichkovska is encouraged about recent developments. “Just recently a NATO representative was in Macedonia, and she said that the country is on the right track, but more reforms still need to be done. We have to raise our electoral standards, ensure better media freedom and pluralism in the press, and strengthen our court reforms. The most important condition is evidently the name dispute, but we are optimistic.” Indeed, she says “joining NATO would mean stability for the country, it could give more guarantees for foreign investors, to be more secure on their deals. It would be good for the legal market and for all Macedonians who work and live here.”

Inevitably, increased perceptions of stability and transparency will result in more foreign investment, and thus more business for the law firms in the market. At the moment, Gjorgji Georgievski says, Macedonia has a small legal market that is dominated by solo practitioners, with only a few corporate law firms – and the market is not particularly busy. “During 2017 unfortunately, we did not have a lot of M&A activity,” Georgievski says. “In the second half of the year, law firms were mostly busy with litigation, financing, infrastructure and construction advice.” Still, he insists that he and his peers at other firms have started 2018 with optimism, eager to see what new legislation and procedures the coming months will bring.

The View from Inside

Wolf Theiss Partner Luka Tadic-Colic, whose own country – Croatia – was the last to join the EU, in 2013, can attest to the effect of accession on investment and law firm business. He says, “for the legal markets in the region, accession will be a positive change.” Indeed, he suggests that current candidates can learn useful lessons from those who went through the process before them. “In a way these newcomers are lucky, for they can use the precedents from other countries, can learn from our experience, in order to keep up with the developments.”

Tadic-Colic recalls that even though the top law firms in his country already had high standards before the country joined the EU, Croatia’s laws at the time were often poorly drafted, vague, and open to multiple – and often conflicting – interpretations. “Organizationally, laws related to the financial sector, crediting institutions, the energy sector, property law, and so on, needed to be copied into the domestic law, which was a huge effort. Our Parliament was passing dozens of laws a week just to harmonize the regulations, then to implement them in time. The administrative apparatus of the state had a lot of work until people got used to the changes, and I presume that the same situation will surface in Albania and Macedonia as well.”

The changes in the legal system, of course, necessitated change in the law firms. Indeed, Tadic-Colic says, the change of Croatia’s legal landscape resulting from the incorporation of EU laws required firms to adapt, and to hire younger lawyers who were educated on EU laws and able to come up to speed on the new legal environment fairly quickly. The M&A upswing was immediately noticeable as well. “On a large scale we saw a lot of family businesses coming into Croatia, from neighboring countries primarily, or people just buying off existing Croatian family businesses. With accession to the EU they felt that certain safe-guards had appeared in the business sector, and that the country had become a safer investment then it had been before.”



Perparim Kalo



Luka Tadic-Colic

Conclusion

Albania and Macedonia hope to join those States which, in joining the EU, have reaped significant financial benefits. The most critical step in this process is to improve legislation and reform judicial and political systems sufficiently to indicate readiness to the EU to and demonstrate transparency, predictability, and stability to potential investors. The Western Balkan countries of Albania and Macedonia appear to be moving forward on this process now, and they seem determined to make their accession an impending reality.

Hilda Fleischer

EXPAT ON THE MARKET: INTERVIEW WITH PATRICIA GANNON OF KARANOVIC & NIKOLIC

Patricia Gannon is a founder and Senior Partner at Karanovic & Nikolic, where she focuses primarily on the management, business development, strategy, and expansion of the firm. Gannon qualified as a Solicitor in Ireland and after a short period working at the European Commission in Brussels she moved to Serbia and founded the firm. She is a committed advocate of corporate philanthropy, and was amongst the founding members of the Serbian Charity Forum, an umbrella forum of leading foundations in the country.

CEELM: Run us through your background and how you ended up in your current role with K&N.

P.G.: Well, let's just say that living in Belgrade was not in my life plan when I was back at law school in Trinity College in Dublin. Yugoslavia was a place and concept very far away from Ireland in the 1990's. It still is – but I have managed to transition and evolve into a person very content in multiple places.

Even in law school, I was interested in international law and working with people culturally different from me. I was very active in the European Law Students Association and served as President of that organization and finally ended up elected to the International Board located in Brussels for a year. At the same time, I worked in the European Commission – at that time in DG XI (today's DG Environment) – where I got to see firsthand how that institution defended implementation of the Directives throughout the Union.

I completed my formal training as an Irish Solicitor and ended up moving to Serbia for personal reasons back in the Milosevic era, a time when more people were trying to leave the country rather than move to it. I had qualified at a top-tier Irish law firm and really enjoyed

M&A and inbound investors coming into Ireland back then and saw the opportunity to develop a European style law firm in the Balkans.

Almost 23 years later, after war, bombing, sanctions and the birth of new states after the collapse of Yugoslavia, I spend much of my time working throughout the region to develop the firm. This year I am the Chair of the European Forum of the International Bar Association so that takes up quite a bit of my time too – managing all the events in Europe together with my IBA Officers.

CEELM: Was it always your goal to work abroad?

P.G.: Yes it was, as I really enjoy travel and new languages, cultures, and people. In the business world, I find it fascinating how, despite all the globalization that has taken place, people still ignore the cultural implications in negotiation and business and are surprised at how different things are from how we do them “back home.” This has been particularly evident in terms of perception of the Balkan region, where I still spend a lot of time trying to make sure foreign investors understand the context of the economy they are investing in and the history and society they will be working in. The situation is

significantly better than it was when I first came to the region, and my view is that as long as we stay out of the international news for negative political reasons, we see more positive effects on the economy as more foreign investors come in.

CEELM: Tell us briefly about your practice, and how you built it up over the years.

P.G.: Well, my personal experience was in the Corporate and Banking spheres but my role today really has been in management, strategy, and direction. Clearly by coming to the Balkans, I had the chance to become the entrepreneur that I am as there was no other way to use my skills other than by establishing my own firm. Together with Partners Dejan Nikolic and Dragan Karanovic, we grew the firm initially out of the early stage privatizations in Serbia. Working with the World Bank initially, we sold groups of companies in strategic sectors as the economy was opened for new investment after Milosevic. These large projects required a number of lawyers to work together, and the work allowed us to grow quickly. Introducing specializations and a department structure first in the market allowed us to cross-sell services to existing clients and develop new clients looking for a



more specialized type of lawyer. It also allowed us to grow again. The next obvious step was to develop services in new markets where clients were looking for a team of lawyers who understood their business and could deliver top quality service efficiently.

The rest, as they say, is history, and today I am proud of the solid brand we have built and the excellent committed people we have who work for it. That is more my inspiration now and I spend quite a lot of my time mentoring and motivating young lawyers.

CEELM: What do your clients appreciate most about you?

P.G.: I am known for being direct and sometimes that can be a challenge for people around me but certainly foreign clients really appreciate a frank and transparent view of the situation they are in and how best to resolve it. The fact that I have over 20 years experience in multiple markets gives me an overview which few have.

CEELM: Do you find Serbian clients enthusiastic about working with foreign lawyers, or – all things considered – do they prefer working with local lawyers? Is that true across the Balkans?

P.G.: As we look to the future and possible European integration, I believe we need to embrace others different from ourselves – and this is also the case with legal experience. I firmly believe that we all have much to learn by working with foreign lawyers who share their experience with us and as such favor the more liberal end of our profession. Particularly today, the one thing we can be sure of is change, and I encourage practitioners everywhere to try to embrace it rather than deny it. In the Balkans, lawyers feel that we are behind the curve of change, but if our clients start to expect more efficiency from lawyers we will have to adapt to their needs. I think that in time we will see a greater opening up of the profession as that will be what clients are looking for.

CEELM: How about the cultures? What differences strike you as most resonant and significant between Ireland and Serbia?

P.G.: To be honest, I often hear about how similar both cultures are but I think what we have in common is an appreciation of going out, drinking, and having fun. Even in the dark days of Milosevic I was always impressed at how young people tried to live a “normal” life and went out all the time. Ireland is a small country at the periphery of Europe and Serbia is geographically located between East and West so our views on the world and our histories have been quite different. Although the Celts moved through here thousands of years ago, the Balkans had many more invaders than Ireland did and that has an impact on the Balkan view of life I think.

CEELM: What particular value do you think a senior expatriate lawyer in your role adds – both to a firm and to its clients?

P.G.: The role is quite interesting and defines the firm’s approach to collaborating with different cultures. It’s one of our core values. I bridge ideas and opportunities and cultures in a way and its been very helpful to everyone. Having so much experience across the region gives me a broad overview and for newcomers to the

region this is a comparative advantage. I am luckily at the stage of my career that I get to select more carefully how I can best contribute to the growth of the firm and promoting the region internationally more is clearly a key part of that. With respect to clients I work more on bringing them in and my colleagues take over the relationships then so we all do what we are best at doing.

CEELM: Outside of Serbia, which Balkan country do you enjoy visiting the most, and why?

P.G.: I am very lucky to travel within the Balkans all the time and enjoy the best that each country has to offer. Right now I am based in Ljubljana and enjoy life in a smaller city which has wonderful infrastructure and cute places to go out. I get to visit Bled or Bohinj for the weekend. In Croatia, nothing beats the coast in summer, although Zagreb can be very quiet as a result. I make a point of visiting Sarajevo at least during the buzzing film festival which I encourage people to do – really a wonderful place and people! I really enjoy the Montenegrin coast off-season, in September, when the water is still warm and there are no crowds, and I always try to get to Skoplje for the jazz festival at least. The entire former Yugoslavia has so much to offer. People are always surprised by it and even after all these years being here I enjoy the edginess of these peoples.

CEELM: What’s your favorite place to take visitors in Belgrade?

P.G.: It really depends on who the visitor is and their age. For older visitors it feels like there is less cultural stuff to visit – limited museums, galleries, and the like – but the overall ambience of the place appeals to people. For younger people it is fast becoming a party capital in Europe. Like most, I make a point of being by the rivers as much as I can. I try to do my morning walk by the Danube and end up in one of the many Beton Hala restaurants every week. For night life, places like Mladost, Ludost, and Radost (and finally Gadost for the after party) are perfect for different music and the local scene.

David Stuckey

EXPERTS REVIEW: ENERGY

Experts Review focuses this time around on Energy, and the articles are ordered according to the percent of electricity each country produced from renewable sources in 2012. Thus, the article from Montenegro, which, according to the International Energy Agency, produced 53.22% of its electricity from renewable sources that year, is presented first, while Croatia, which produced 50.27% of its from renewables is second. Ukraine, which only produced 5.95% of its electricity from renewable sources in 2012 would be last ... but as no data was found for Macedonia for that year, that article takes pride of place.

There is, this time, no article from the European country which produced the least amount of electricity from renewable sources in 2012 (Moldova, at 4.87%), nor from Albania, which produced a staggering 99.98% that way.

■ Montenegro – 53.22%	Page 70
■ Croatia – 50.27%	Page 70
■ Lithuania – 30.02%	Page 71
■ Serbia – 28.96%	Page 72
■ Slovenia – 28.92%	Page 73
■ Romania – 26.43%	Page 74
■ Slovakia – 20.35%	Page 75
■ Greece – 17.56%	Page 76
■ Poland – 11.04%	Page 77
■ Czech Republic – 9.79%	Page 78
■ Hungary – 8.14%	Page 78
■ Ukraine – 5.95%	Page 79
■ Macedonia – N/A	Page 80



MONTENEGRO

Striving Towards the Black Gold



Petar Mitrovic

The first upscale exploration of oil and gas in Montenegro started in 1914, when King Nikola Petrovic approved the National Assembly's decision for oil exploration around Lake Skadar. The first well in the area of Crmnica dates back to 1922 – although it produced nothing of significance.

In later researches of the Montenegrin offshore, the existence of geological structures with the potential for hiding hydrocarbon deposits was confirmed. During the 70s and 80s, several American firms set up wells in the Montenegrin undersea area and confirmed oil and gas findings. However, no significant work was done pursuant to this confirmation, mainly due to the political and social instability of this Balkan country.

In the years that followed, and especially following the dissolution of the state union of Serbia and Montenegro in 2006, oil and gas exploration and exploitation formed the center of the Government's energy policy, and Montenegro made a significant effort to develop the industry. The country has defined its energy policy until 2030, adopted the Energy Development Strategy until 2025, and signed the Declaration of Accession to the Energy Charter in late 2012. The main objective of the adopted energy policy is the creation of an adequate legislative, financial, and regulatory framework to encourage private sector involvement and investments. Research shows that the total oil core potential in two separate submarine zones in Montenegro amounts to 12.5 x 109 tons. According to existing data, potential oil reserves amount to approximately 7 billion barrels, while potential natural gas reserves amount to 425 billion square meters.

Montenegro aims to follow the achievements of other countries in the Adriatic Sea that have valorized their potential in this field with around 1,500 exploration wells. Italy is the clear champion, with around 1,400 drilling sites. Neighboring Croatia drilled around 140 exploration wells and currently has 18 gas production platforms in the northern Adriatic.

As a sign of progress and the decisiveness of Montenegro to use its existing potential, the first tender for oil and gas exploration and production was announced in late 2013. So far, the Montenegrin Government has signed concession agreements with two consortia: the Italian-Russian Eni/Novatek (which was granted concession rights over four offshore blocks, covering 1,228 square kilometers), and the Greek company Energean oil & gas (which was granted two offshore blocks with a surface area of 338 square kilometers in shallow waters).

In the light of normative regulation, Montenegro adopted the Law on Exploration and Production of Hydrocarbons, the Tax Law on Hydrocarbons, and regulations governing the method of calculat-



Nokolina Kazic

ing compensation payments for oil and gas production, construction of exploration and exploitation plants, development and production of hydrocarbons, drilling, and so on. Additionally, the Government has adopted the model of the Concession Contract for the Production of Hydrocarbons, which is divided into two phases: the Exploration phase and the Hydrocarbons

production phase.

The exploration phase may last for a maximum of six years for on-shore or seven years for offshore blocks. Upon the concessionaire's request, and only in cases specified by law, the exploration phase may be extended for up to two years. However, the hydrocarbons production phase begins from the day of the commencement of the first extraction of hydrocarbons from the reservoir and lasts until the expiry of the deadline envisaged by the production concession contract, or a maximum of up to 20 years. The production phase may, at a request from the concessionaire, be extended at most for half of the duration of the production phase period specified by the production concession contract; *i.e.*, for a maximum of 10 years.

With the Tax Law on Hydrocarbons, Montenegro made a plan to acquire revenue from companies doing business in the industry involving taxes and reimbursements for produced oil and gas. The strategy for acquiring revenue is progressive – meaning that the companies that have the most profit will pay an increased (progressive) rate for the produced oil and gas. In the period during the production of oil and gas, oil companies are due to pay a tax of 54% on the profit acquired from the exploration and production of oil and related assets, as well as 9% on dividends (*i.e.*, capital gains).

The next tender for the exploration of oil and gas in the Montenegrin undersea area should open during this year or in 2019, since the Montenegrin Government is striving to introduce as many concessionaires as possible to the Montenegrin off-shore territory.

Petar Mitrovic, Partner, and Nikolina Kazic, Associate, Attorneys at Law in cooperation with Karanovic & Nikolic

CROATIA

Renewables – Is Croatia Using Its Potential?



Marija Musec

Over the last years, Croatia has produced more electricity from renewable than from fossil sources. The share of renewables in electric energy generation varies depending on hydrological conditions, as the majority of electric energy in Croatia is generated from large hydropower plants.

Croatia will probably review its goal



Mia Kanceljak

of 20 percent share of renewable energy (the “RES”) in final energy consumption – since it has already exceeded it. Indeed, the European Commission has proposed in its winter energy package to increase the RES to at least 27 percent by 2030, while Eurostat data shows that Croatia achieved a 29 percent share back in 2015.

In 2011, 45% of electric energy in Croatia was produced from renewable energy sources including large hydro power plants. In 2012, this share was increased to 49.5%, in 2013 to 65.2%, and in 2014 to 74.2%, although in 2015 the share decreased to 68%. Large hydro power plants produced from 42% to 67.3%, while other renewable sources (small hydro power plants, wind energy, solar energy, biomass, biogas, and photovoltaic systems) produced between 3% to 6.9% depending on the year.

(Lack of a) Legislative Framework

In January 2016 a new Act on Renewable Energy Sources and Highly Effective Cogeneration came into force, introducing a new incentive system for RES and highly effective cogeneration in Croatia. This system consisted of: (i) a market premium, and (ii) a guaranteed purchase price for RES facilities up to 30 kW.

The new incentive system envisages that an eligible electricity producer selling electricity on the electricity market will receive a market premium from the electricity market operator (HROTE) for the net electricity delivered from the production plant to the power grid. Eligible producers with production plants of installed power up to including 30 kW can enter into a power purchase agreement with HROTE for the purchase of electricity with a guaranteed purchase price.

One would think that Croatia is on the way to fully utilizing its (impressive) capacities.

However, the Croatian Government has not yet adopted secondary legislation for the implementation of the new incentive system and new quotas for renewables have not yet been defined. As the quotas for inclusion of RES projects in the (now obsolete) feed-in-tariff system have been almost fully met, in order to enable further development of RES projects, it is essential to define new quotas based on which tenders for incentives will be published.

In other words: No new quotas, and no tenders for incentives, equals no (new) projects.

Also, there is a lack of funds for financing the incentives for electricity produced from renewable sources. End users pay a monthly fee for promotion of electricity from renewable sources as a part of their monthly invoice for electricity utility, which is used to finance the promotion of production of electricity from renewables. For this reason, in August 2017 the Croatian Government increased the fee for promotion of renewables from 0.035 HRK/kWh to 0.105 HRK/kWh (VAT excluded).

Further impediments to the development of renewables include deficiencies in the distribution and transmission grid in Croatia and the failure to enact measures which would enable the country to take full advantage of available European funds.

Upcoming Developments / Opportunities in the Renewables Sector

Croatia has real potential to transform into an energy-efficient, sustainable renewable-based economy, with its small population, relatively low energy demand, ample sun and wind resources, large areas of forest, and large existing hydropower plant capacity. However, Croatia does not fully maximize its potential in renewables, especially involving solar and wind energy. Indeed, despite having the remarkable advantage of the Croatian coast, which provides incredible potential for solar and wind energy, there have not yet been any projects for offshore wind power plants.

The Croatian Energy Development Strategy envisages installation of 100 MW in small hydro power plants by 2020. As the environmental protection requirement is a big factor in planning a hydropower project, most of the hydropower potential left in Croatia could be problematic because of its biodiversity impacts and the fact that almost all Croatian rivers are planned for inclusion in the EU’s Natura 2000 network.

As the majority of large hydro power plants were built a few decades ago, Hrvatska Elektroprivreda will invest almost HRK 3.2 billion into the revitalization of the country’s largest hydroelectric power plants, which will increase their installed power by around 150 MW by 2022. Also, in the next 18 months, energy renewal is planned for 223 kindergartens, schools, faculties, and student homes at a cost of HRK 781 million, with HRK 348 million to be drawn from EU funds.

Marija Musec, Partner, and Mia Kanceljak, Attorney-at-Law, Bardek, Lisac, Musec, Skoko Law Firm in cooperation with CMS Reich-Rohrwig Hainz

LITHUANIA

The Promising Wind Power Generation Perspectives in Lithuania



Dovile Greblikiene

The Lithuanian energy sector, like the European Union’s, faces the challenging task of finding an effective and competitive way to transition to clean energy while at the same time ensuring a secure energy supply. Energy efficiency, renewable energy, and prosumers are first priorities.

This clearly means a shift towards new models of energy production and new business models influenced by innovation, such as new information technology, big data processing possibilities, and blockchain technology.

In 2017, the Lithuanian Ministry of Energy drafted a National Energy Independence Strategy (the “Strategy”) which was approved by the Government on November 29th, 2017 and then submitted to Parliament for further consideration. Therefore, the most relevant issue for the first part of 2018 in the energy sector is adopting the Strategy, which provides the country’s energy targets and guidelines for implementation by 2030 and outlines the trends of energy development by 2050.

The draft Strategy sets out four key elements of Lithuania’s energy policy: (i) energy security, (ii) the development of renewable energy, (iii) competitiveness, and (iv) innovation.

Besides the infrastructure projects ensuring energy security (*i.e.*, the synchronization of power systems with Continental Europe (by 2025) and the construction of a gas pipeline between Lithuania and Poland (by 2021)), the draft Strategy identifies the development of reliable and competitive local energy production in order to reduce the country’s dependence on imported electricity as a goal. Taking into account the lack of local primary energy sources and dependency on fossil fuel imports, development of alternative energy production is an underlying target for the energy sector of Lithuania.

In this regard, increasing energy production from renewable resources is one of the key targets of the draft Strategy. It is expected that consumption of energy produced from renewable sources will account for up to (i) 30% by 2020, (ii) 45% by 2030, and (iii) as much as 80% after 2050. The draft Strategy provides that wind energy should make up the largest share of electricity generated from renewable resources – no less than 55% in 2030 and 65% in 2050.

In 2016, approximately 17% of consumed electricity was produced from renewable energy sources. Wind power generation jumped in recent years due to the 500 MW support quota (with feed-in tariff allocated via tender procedure) provided for wind power plants. At the moment there is no free support quota left, however, and thus the energy companies and renewable project developers are looking forward to new guidelines.

If the final Strategy retains the same amounts, the total installed capacity will increase by an additional 250 MW (and in total up to 770 MW) by 2020, with increases scheduled to continue until 2050.

Only onshore wind power generation capacities have been developed in Lithuania so far, and the first part of the projected capacity increase will be dedicated to them. However, offshore possibilities have recently become quite active due to several legislative amendments adopted by Parliament on July 11th, 2017, which provide a rough plan for offshore wind project development. First, the Government will have to approve the rules for research to identify appropriate offshore wind power plant locations in order to organize tenders. Second, during the next three years, the institution selected by the Government shall perform that research. Finally, by February 1, 2021, the Government will have to decide on: (i) the parts of the sea where development and operation of the power plants will be allowed; and (ii) the possible capacities to be installed, and it will have to approve rules for the procedure for tenders and issuance

of permits.

In addition to these plans, the Government is also seeking to boost the development of renewable energy by encouraging energy consumers to become energy prosumers – *i.e.*, to generate their own power (mainly solar). It is forecast that the number of energy prosumers will increase to 34,000 by 2020 and more than 500,000 by 2030.

The adoption of the Strategy is still pending. However, if the approved Strategy keeps the projected numbers, renewable power generation perspectives in Lithuania will become very promising.

Dovile Greblikiene, Partner, Ellex Valiunas

SERBIA

Upcoming Changes to the Serbian Renewables Support Scheme and Energy Community Involvement



Dragoljub Cibulic

The Serbian Minister for Mining and Energy recently stated that Serbia will manage to fulfill its obligation and reach the target of 27% of total energy consumption from renewables by 2020. The statement followed a stream of positive news in relation to development of several large-scale wind power projects in Serbia, such as Cibuk I, Kovacica, and Alibunar.

However, the latest information from the Energy Community suggests that that optimism may be misplaced. According to the latest progress report on the promotion of renewable energy, Serbia’s share of renewable energy consumption currently stands at approximately 21%, and it should reach between 23.4% and 24.1% by 2020. It is certain that once the current feed-in tariff system expires, at the end of 2018, an entirely new renewables support scheme will need to be developed and put in place in Serbia. In parallel, Serbia’s Ministerial Council of the Energy Community initiated the process to determine the 2030 targets for renewable energy consumption.

Anxious renewable energy developers may already be looking back at the regulatory history of the currently existing support scheme. It took almost seven years of tweaking and negotiating the support scheme between the Serbian Ministry for Mining and Energy and representatives of international finance institutions before the first large project financing schemes for development of renewable energy capacities were put in place.

This time around, however, it seems that the international finance institutions have taken a different approach. Instead of directly ne-

negotiating the details of the renewables support scheme for each member country of the Energy Community, the EBRD has teamed up with the Energy Community in an effort to create bankable yet EU-*acquis*-compliant renewable energy support mechanisms across the region.

The Energy Community is an international organization established by means of a 2005 treaty. Its primary goal is to connect the European Union with its neighbors in the energy sector and create an integrated pan-European energy market. The organization has been working for quite some time on its approach to the renewable energy support mechanisms. Serbia's Ministerial Council of the Energy Community has set up a Renewable Energy Coordination Group to work on the reform of the support schemes for renewable energy producers so that renewable energy targets can be reached by 2020. In December 2015 the Energy Community Secretariat published Policy Guidelines on Reform of the Support Schemes for Promotion of Energy from Renewable Sources (the "Guidelines"), a document prepared based on the European Commission's guidance for the design of renewables support schemes.

The Guidelines introduce several principles which member countries are supposed to follow in structuring support schemes, such as having the support schemes approved by state aid enforcement authorities, granting support to renewable energy producers through a competitive bidding process, introducing feed-in premium support schemes (as opposed to feed-in tariffs), establishing a renewable energy operator to manage the support scheme, introducing balance responsibility for large renewable energy producers, and adopting a shallow approach for grid connection fees. The Guidelines are not binding *per se* but are a good starting point for developing a new regulatory framework.

The Energy Community–EBRD cooperation promises to take the principles elaborated in the Guidelines as a starting point in developing a full set of best practice documents, including draft bidding documentation and contracts which could be readily used by all member countries.

This joint initiative makes sense given that the Energy Community has a track record of supporting member countries in developing their regulatory frameworks in the energy sector and aligning them with EU Energy law.

The question is whether this novel approach will be more efficient, as Serbia has a history of non-compliance with the obligations arising from its membership in the Energy community. One clear example is Serbia's persistent failure to comply with the requirements of the Third Energy Package – and, for that matter, the Serbian Energy Law – in the gas sector. Therefore, one cannot be certain that the draft support scheme and the best practice documents to be prepared under the auspices of the Energy Community and EBRD will be readily and fully accepted by the Serbian Ministry for Mining and Energy.

Dragoljub Cibulic, Senior Partner, BDK Advokati

SLOVENIA

Energy Performance Contracts in the Slovenian Public Sector



Jan Sibincic

The first recorded energy performance contracting project in Slovenia was carried out in 2002, and was soon followed by a number of other similar projects, notably in the public sector. Thus, energy performance contracts are not a new concept in the Slovenian business sphere, although it was not until 2014 that the country's newly adopted Energy Act transposed Directive 2012/27/EC on energy efficiency and introduced a comprehensive definition of an energy performance contract.

The Energy Act defines a guaranteed energy performance savings contract as a contractual arrangement between a user and the provider of a measure for an improvement in energy efficiency that is reviewed and monitored for the entire effective period of the contract and in the framework of which investments (labor, supply, or service) in the measure are paid proportionally with the level of improved energy efficiency agreed under the contract, or with another agreed measure of energy efficiency, such as financial savings.

The Energy Act does not provide any other provisions regarding this legal construct. Generally, as in other forms of third-party financing arrangements, the beneficiary of the energy service avoids investment costs by using part of the financial value of energy savings to repay the investment fully or partially carried out by the energy service provider.

During the past few years, the Slovenian government has increased its focus on saving energy within government-owned buildings to address environmental concerns and to implement the obligations and objectives of sustainable growth by 2020, set out in numerous documents at the EU level. Notably, Directive 2010/31/EU on the energy performance of buildings establishes measures with the public sector playing a leading role. After 2018, public entities will be allowed to purchase only nearly zero-energy buildings when purchasing new buildings. In this regard, buildings owned by public authorities represent around 10% of the total building stock in Slovenia. Pursuant to Slovenia's National Energy Efficiency Action Plan 2014-2020, which represents another important energy efficiency policy, the Slovenian government expects that as much as 80% of all energy renovation funding of public buildings will be provided through energy performance contracts by 2020.

Energy performance projects in the Slovenian public sector are performed as public-private partnerships. Thus, under the Public-Private Partnership Act, the most appropriate legal form for an energy performance contract in a public-private partnership would be a concession (where most of the business risk is assumed by the private partner). However, should the public partner receive non-returnable subsidies for investing in the project, then most of the business risk would be borne by the public partner. Therefore,

the project cannot be done by awarding a concession, but instead through public procurement or a so-called “two-tier model,” under which the public partner conducts a public procurement for the implementation of the energy efficiency improvement measures and awards the concession for their management.

The procedure for the energy performance public tender is initiated by publishing the invitation to tender that is followed by the public opening of the tender applications, subject to review and assessment by an expert committee appointed by the public partner. The expert committee determines which applications fulfill the tender conditions and classifies them in a way that specifies which of the applications are most successful in meeting the criteria set and what subsequent ranking they achieve in terms of meeting the criteria. The contract on public-private partnership concludes following the selection of the private partner by a final decision. Therefore, the provisions of the Public-Private Partnership Act and Directive 2012/27/EC, notably with respect to the efficiency measures, savings, duration, and other provisions, should be considered when drafting public-private partnership energy performance contracts.

It stems from this that energy performance contracts in the public sector carry a number of inconveniences, the first being the non-comprehensive and scattered regulation of the subject matter. Furthermore, from a procedural point of view, the Public-Private Partnership Act does not constitute the most appropriate regulation to achieve the ambitious objectives of the Slovenian government with respect to ensuring the energy efficiency of public buildings. Hence, the relevant legislation should be amended by determining exemptions from the public tender procedure for energy performance contracts.

Jan Sibincic, Managing Partner, Law Firm Sibincic Krizanec

ROMANIA

Romania May Become One of the Great European Powers in the Energy Sector



Anca Mihailescu

Natural Gas: The Road to Becoming a Gas Exporter

Romania has a petroleum history reaching back more than 150 years, as the country was the first to produce crude in the world and the first to build a modern oil refinery.

Currently, more than 90% of Romania's gas consumption is produced from internal sources, and it is expected that the country will soon become a gas exporter, due mainly to recent discoveries in the Black Sea, but also to new onshore discoveries.

The main focus of both Government and industry (which includes big players such as ExxonMobil, Hunt Oil, Lukoil, and OMV) lies in: (i) developing a proper legal framework for offshore projects; and (ii) ensuring energy security by developing the National Trans-



Bogdan Rotaru

mission System (NTS) and proper interconnections with neighboring countries.

As far as offshore developments are concerned, not only are there almost no rules addressing the specific nature of the industry, but certain provisions under existing legislation constitute real blockages for these projects. On the other hand,

the implementation of the Bulgaria-Romania-Hungary-Austria gas pipeline (which is aimed at diversifying the regional gas supply by connecting the area with future major projects such as TAP) and the NTS's plan to take over gas production in the Black Sea starting with 2020 faces no delays. Later, the new infrastructure could carry Azeri gas expected to arrive on Romanian shores via the AGRI project.

Improving energy efficiency is also on the short to-do list of the NTS' operator, through upgrades of the system itself.

In addition, the Government intends to put in place a new royalties regime and has been threatening to impose higher royalties on the industry for several years, while key players have been rightfully invoking the need for a stable tax and royalty regime and the protection of the stability clauses under existing concession agreements and related legislation.

Electricity: The Road to New Renewable Sources and Ensuring Energy Efficiency

Romania has exceeded the 2020 EU Renewable Energy Target since 2014 as a consequence of an extremely investor-friendly renewables incentives scheme implemented in 2008, based on granting green certificates to producers and obliging suppliers to acquire them.

This scheme resulted in an uncontrolled raise of electricity prices. Consequently, in 2013, the Government drastically reduced the level of support. This change of legislation caused major grief among wind and solar energy producers (with many threatening to file IC-SID claims (although no actions were actually taken)) and put a halt to new projects.

Since the financial viability of solar and wind power projects was severely affected, in order to avoid a total collapse of the industry, the legislation was finally relaxed last year. Although these amendments benefit producers they do not seem sufficient to stimulate new projects.

The country's main goals for the next period appear to be: (i) the modernization of the electricity grid (which would lead to investments of about USD 600 million by 2030, including technologies that make the transition to “smart grids”); (ii) a new support scheme for bioenergy (a highly discussed topic in recent years in light of Romania's poor performance in terms of waste management; and (iii) the development of hydro and nuclear power.

Environmental: A Slow but Hopefully Firm Road to Meet EU Standards

For more than a decade, Romania has been implementing relevant environmental EU legislation and attempting to comply with all rules imposed by Brussels. However, it has not been a smooth road. The main challenges lie in: (i) improving compliance with waste management and disposal regulations (currently more than 70% of waste goes to the landfill, despite a maximum 25% quota); and (ii) improving the administrative capacity of the competent authorities, in particular with regard to water and waste management, and the establishment, protection, and management of protected natural areas.

Romania's new Environmental Impact Assessment Law, which transposes Directive 2014/52/EU, is expected to come into effect this year. This too will be a bumpy ride as significant changes to the draft were proposed by the private sector. Fortunately, the Government recently informed the industry that the most controversial provision (a 1% tax for the review of EIA studies) included in the initial draft (although no equivalent exists in EU law) will be removed.

Important changes are expected in waste management legislation. Currently two draft laws providing clarifications to the existing legal framework and setting additional obligations to waste producers and/or collectors in different stages of the approval process.

Anca Mihailescu, Partner, and Bogdan Rotaru, Associate, IJdelea Mihailescu

SLOVAKIA

Upcoming Challenges for the Slovak Energy Market

The Slovak energy market is in a state of transition. Energy security continues to be a key driver of the country's energy policy. Long characterized by its reliance on gas from the Russian Federation, Slovakia continues to seek alternative sources to supply its energy needs. To a large extent, the solution has been to invest billions into nuclear power, while the development of renewable energy sources (RES) has so far been slow.



Petr Zakoucky

Energy Dependence and Security

In an attempt to address its long-term dependence on the supply of oil and gas from Russia, Slovakia has introduced reverse-flow transit pipelines with Austria and the Czech Republic to provide it with access to gas from Western Europe. However, despite these efforts, almost all gas in Slovakia continues to come from the Russian Federation. For the moment, Slovakia plans to diminish its dependency on Russia and increase its transit capacity by constructing a 164 km cross-border gas pipeline. This has been designated



Michal Pelikan

as a project of common interest by the European Commission, and was awarded EUR 108 million in EU subsidies. When implemented, the project will enable the transit of natural gas, including liquefied natural gas, from the Baltic Sea to South-Eastern Europe.

Slovakia has long benefited from its position as one of the main gas transit countries in Europe. However, this position could be jeopardized by the planned construction of the Nord Stream 2 project. If constructed, the new gas pipeline running across the Baltic Sea would allow Russia to supply Germany with 110 billion cubic meters of gas per year, significantly reducing the amount of gas transported to Western Europe through Slovakia. This could cause losses of up to EUR 700 million annually in transmission fees.

Nuclear Energy on the Rise

Nuclear energy has so far been Slovakia's chosen path to energy independence. While many countries are stepping away from nuclear energy, Slovakia has been significantly expanding its fleet of nuclear power plants. Currently, Mochovce and Jaslovske Bohunice, the two largest nuclear power plants, have installed capacity of approximately 2000 MW, which represents around 57% of Slovakia's total energy generation (IEA figures for 2015). The Mochovce power plant is being expanded by almost 1000 MW, which should be completed by 2019. In addition, the country has been seriously considering the construction of additional reactors at Jaslovske Bohunice.

Continuous delays in the Mochovce expansion have resulted in a huge increase in project costs from the original EUR 2.8 billion to the currently estimated EUR 4.6 billion. Considering the current lower market power prices in the region, there are major concerns that the new units at Mochovce will not be able to operate profitably.

A Greener Horizon?

Slovakia is increasingly considering green energy as an alternative to fossil fuels, and the share of renewable energy doubled from 6.4% in 2005 to 12.9% in 2015 (according to Eurostat SHARES). However, the percentage of power produced by new RES installations is still relatively low, and consequently there is limited diversification in the energy mix.

Hydro, biomass, and solar are the most frequently used RES, while geothermal energy is seen to offer potential for future development. On the other hand, wind is considered an unreliable source due to local environmental factors.

Although it seems that Slovakia will have no trouble reaching the EU's 20/20/20 targets, this is more due to its high share of energy from nuclear power and old hydropower plants, which together generate approximately 17% of the domestic installed capacity.

The slow development of the renewable energy sector can be attributed to wavering public and political support, strict legislation, and low transparency. In 2016, out of concern over energy costs to consumers, the Slovak regulatory authority announced a reduction in feed-in tariffs for all RES for the period 2017-2021.

This slow uptake on renewable energy should be addressed by the upcoming reform of Slovakia's RES support scheme, which is expected to go before the parliament this summer. The changes to the RES Act are expected to replace the current feed-in tariffs with capacity auctions and feed-in premiums.

This reform could give new impetus to investment in the renewable energy sector, but it is questionable whether this will materially contribute to greater energy independence.

Petr Zakoucky, Partner, and Michal Pelikan, Associate, Dentons

GREECE

Greece: An Emerging Energy Hub in the SE Mediterranean



Vassilis Karagiannis

Greece has long been a regional energy market. However, drastic changes have been taking place which have the potential to transform Greece to an energy hub in the South Eastern Mediterranean region. The first step was made with the inauguration of the Greek-Turkish gas pipeline at the beginning of the millennium.

Infrastructure Projects

Important infrastructure projects – such as the TAP pipeline, which will transport Azeri gas via Greece to Italy, and the Euroasia Interconnector, which will connect the Electricity Transmission Networks of Greece, Cyprus, and Israel – are reshaping the Greek energy market. Such infrastructure projects will allow the Greek energy markets to become fully interconnected, and thus highly competitive. This development, combined with a set of important ongoing and anticipated oil exploration projects, could transform the Greek Energy Market into a truly mature market. A word of caution though: the on-time completion of projects is critical. Completing the infrastructure projects on time is not only a necessary prerequisite for the opening of the market, but would also send a strong signal to investors that the Greek State is dealing with these issues with the necessary determination.

Liberalization of Electricity and Gas Markets

In past years remarkable efforts have been made to liberalize the Greek energy markets. That said, although Greece has properly transposed the electricity and gas EU directives, due to structural inefficiencies and regulatory inadequacies, no real and satisfactory

opening to competition has been achieved. However, this seems to be changing.

The Electricity Sector

In the Electricity sector Greece has adopted legislative measures to fully implement the EU Target Model. In the wholesale market, the mandatory pool system will be replaced by a new system, consisting of a day-ahead market, an intraday market, an imbalances market, and a financial term products market. These mechanisms will be coupled with an Energy Exchange created according to EU standards. Furthermore, new rules will apply to ensure the short and long term stability and security of the system. These new rules are compatible with EU requirements and will be based on the principle of competition in order to minimize the distortive effect. New rules will also apply, in line with EU approvals, for the promotion of renewable sources of energy (RES) projects. RES subsidization rules will allow the combination of high environmental standards with the principle of free competition. The entry of a strategic investor in the Transmission System Operator (TSO) has already been completed, and the TSO now operates according to the so-called “full ownership unbundling regime.” Market participants are responding positively and a private suppliers in the downstream market have developed an increasing market share.

The Gas Sector

Remarkable progress has also been made in the Gas sector. The privatizations of the incumbent operator (DEPA) and the Transmission Network Operator (DESFA) are ongoing and, once completed, will allow the implementation of the full ownership unbundling model in the gas sector as well. Perhaps most importantly, the unbundling of the gas distribution networks from supply activities has been completed and from January 1, 2018 onwards, all customers, both residential and industrial, are now able to choose their suppliers, which is expected to boost competition in the downstream markets.

New Era for Oil Exploration and Exploitation

In the Oil Exploration sector, important multinational operators have expressed a strong interest in several new tenders, including, in particular, the promising potential offshore oil fields in West Greece and the Crete Sea area. The Greek State has delegated the management of its exploration rights to a specialized entity – the Hellenic Hydrocarbon Resources Management SA (HHRM) – to promote the procedures for oil research, extraction, and exploration more efficiently. In parallel, the ongoing privatization of the dominant player in the Greek oil market – HELPE – is expected to generate additional market interest.

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The combination of all these developments could effectively transform Greece into a real energy hub in the Southern Mediterranean Area. Regulated industries such as energy markets are largely state driven. That does not mean that private initiatives are not necessary

and extremely important. Inevitably, however, in order to be incentivized, investors need to have a regulatory framework that is clear, stable, and business-friendly, and which ensures a level playing field. Therefore, the willingness and determination of the Greek State to complete the ongoing projects and reforms in the Energy Sector both timely and effectively will be the decisive factor for achieving this ambitious objective.

Vassilis Karagiannis, Partner, KLC Law Firm

POLAND

Offshore Investments in Polish Maritime Areas



Michal Piekarski

In Western Europe, offshore wind farms have been successfully used for a long time. Meanwhile, no power-generating installation of this type is currently operating on the waters of the Baltic Sea under Polish control. This does not mean, however, that there are no entities interested in such investments. On the contrary, several offshore projects are being implemented. Cur-

rently, it is estimated that generation sources with a total capacity of 6-8 GW can be located in the Polish part of the Baltic Sea. So far, grid connection agreements concluded for the planned offshore wind farms include installations with a total capacity of 2.25 GW. Moreover, Poland's Deputy Minister of Energy recently stated that the government sees an important place for this type of energy source in the national energy mix, and in November 2017 a working group was established in the Polish Parliament to work on drafting favorable conditions for the development of offshore wind energy in Poland.

Current Legal Conditions That are Key to the Investment Process of Offshore Projects

Although in the last two years significant legal restrictions have been imposed of onshore wind farms, the restrictions do not apply to offshore projects.

Under the current regulations, offshore wind farms may be located in the exclusive Polish economic zone – *i.e.*, at least 12 nautical miles (22,224 meters) from the Polish coastline.

The investment process of an offshore wind farm is lengthy and involves thorough preparation. The location of an offshore project requires a number of permits, the most important of which is the permit to build artificial islands, structures, and installations in Polish maritime areas (a “location permit”), issued generally for a period of up to 35 years, which entitles its holders to use the basin for the planned investment project.

The investor is also required to ensure that the offshore wind farm

can connect with the transmission network. To this end, it is necessary to request connection conditions from the Polish Transmission System Operator and conclude a connection agreement thereunder.

The next step is to obtain a decision on the environmental conditions for the implementation of the investment project. The issuance of such a decision is preceded by a prolonged environmental study. Currently, environmental decisions have been issued for two Polish offshore projects, while an environmental study is advanced with respect to a third. A decision is a necessary condition for the subsequent issue of a building permit, on the basis of which the construction of a wind farm can be started.

The last necessary permits are the permit of use and the concession for the production of electricity in the installations of an offshore wind farm. No projects developed so far in Poland have yet reached this stage of development.

The Electricity Generation Support System is Available to Offshore Investors

Polish law provides for the use of the support system for generating electricity from renewable sources for offshore projects. In order to receive support, the investor must win an auction in which it competes with other investors on the basis of price for generating an electricity unit. The maximum price level is determined by the State, which undertakes to purchase in the auction a certain amount of the generated energy.

In order to participate in the auction, a certain level of development has to be proved as part of the pre-qualification procedure, where the investor must present, among other things, the obtained location or building permit.

Investors taking part in auctions are separated into baskets, although at the moment offshore projects do not have a dedicated basket. The winners of the auctions are selected from the entities that submit the best price offers, until the amount of electricity available in a given auction, as specified by the government, is exhausted. After the launch of the offshore wind farms, the winning investors will sell electricity at market prices, but they will receive a guarantee that the State will refund the difference between the market price and the price offered by them at the auction for the next 15 years (the “feed-in-premium” system).

It is worth mentioning that Poland's Ministry of Energy is preparing changes to the auction system. The draft provides for the creation of an auction basket dedicated to offshore projects, in which they are to compete with geothermal sources and hydro-power plants.



Piotr Ciepiela

Michal Piekarski, Head of Energy, and Piotr Ciepiela, Associate, Baker McKenzie Warsaw

CZECH REPUBLIC

Public Aid for Czech Green Energy Sources



Vaclav Rovensky

Supporting the generation of electricity and heat from renewable energy sources has a long-standing tradition in the Czech Republic. In 2005, new legislation was adopted which unified the previously fragmented laws on this issue into a single and comprehensive legal framework that would be compatible with the *acquis communautaire* in the field. On January 1, 2013, this

law was replaced with an entirely new set of regulations which remain in effect, albeit with a number of subsequent amendments and supplements. State support for renewable energy (*i.e.*, non-fossil natural energy sources such as sun, water, wind, biomass, and biogas) takes the form of fixed feed-in tariffs and so-called “green” bonuses, the amount of which is determined annually by the Czech Energy Regulatory Authority.

The support of green energy sources is also characterized as public aid, which is governed by strict European Union rules. After the Czech Republic’s new Renewable Energy Sources Act was adopted in 2012, Czech authorities realized that the new legislation had been prepared without the Czech green energy public aid system going through the process of so-called “notification” – an assessment of its compatibility with the EU law. Accordingly, the Czech Ministry of Industry and Trade, in cooperation with the Czech Energy Regulatory Authority, prepared the notification, which was submitted to the European Commission for review in January 2013. The European Commission verified the notification and issued its opinion in June 2014, expressing its regret that it had received the notification for the Czech electricity and heat generation support system on an *ex post* basis after its introduction; however, the Commission held that the system itself was compatible with EU law.

However, the EC’s statement did not fully resolve the situation since it explicitly stated that it only applied to support for generation of electricity in renewable power facilities that were commissioned after January 1, 2013. Accordingly the EC’s statement did not apply to the support of energy derived from secondary sources, the support of heat generation and cogeneration, or the support of the production of energy from biofuels, bioliquids, biomethane, or decentralized electricity generation.

The EC’s statement gave rise to great turmoil as the vast majority of renewable energy generating installations were commissioned in the Czech Republic before January 1, 2013, and thus public aid for these installations was not covered. Therefore, most of the green energy sources eligible for (and receiving) some sort of public aid in the Czech Republic remained outside of the approved support system. The Czech Energy Regulatory Authority pointed out that any aid provided in conflict with the relevant *acquis communautaire* would be illegal and therefore refused to grant public aid in these areas in its price decisions.

The issue fundamentally affected the situation in the Czech green energy sector as it created a real risk to the operations of most energy facilities using renewable sources, many of which had been in operation for several years, and which would become completely unprofitable without public aid – and thus jeopardizing the ability of many operators of these facilities to re-



Tomas Sequens

pay loans for their development and construction. This situation, along with the reduced aid, significantly influenced the willingness of investors to develop new facilities and the whole industry thus entered the stage of actual clinical death.

After a long effort, it was finally possible to obtain all the necessary statements on the filed notifications issued and, since December 2017, all public aid for Czech green energy is in principle covered by the EC’s relevant notification statements. The last payments of green bonuses, which were previously withheld, should be made (according to the latest available sources) by the end of April 2018.

Nonetheless, it will take a while before investor confidence in the Czech energy sources sector is restored and this may affect the ability of the Czech Republic to meet its commitments related to the ratio of renewable energy production to total energy production.

Vaclav Rovensky, Partner, and Tomas Sequens, Counsel,
Kocian Solc Balastik

HUNGARY

Power Generation from Renewables in Hungary – What’s Next?



Peter Simon

On the first anniversary of the introduction of Hungary’s long-awaited renewable energy support scheme (known as “METAR”), we look back at its first year and ahead to the future of renewable energy in Hungary from a legal perspective.

The last quarter of 2016 and the first half of 2017 saw a significant rise in renewable electric power projects in Hungary, as developers and project brokers rushed to obtain permits under the pre-METAR renewable support plan, which guaranteed that eligible projects would be able to sell electricity at regulated prices. The vast majority of these permits were obtained for solar or photovoltaic projects, which were, at the beginning of 2018, either in operation, under construction, or scrapped due to the expiry of their permits.

The energy regulatory authority, having processed the thousands of applications that poured in, can now focus on the new support scheme.

Among other things, the METAR regime introduced the green premium system, which grants subsidies through technology-neutral tender procedures for power generation units of at least 1 MW. This system, which is expected to bring more transparency to the sector, relies on bilateral agreements to expand the scope of eligible projects beyond Hungary's borders. The amount of green premiums to be granted through public tenders is capped at HUF 1 billion annually until the end of 2026, with leftover subsidies from one calendar year transferable to the next.



Nora Kondorosi

Regarding already operating biomass and biogas generation units, METAR introduced the brown premiums system, which grants subsidies to eligible projects for five years. These premiums are also capped on an annual basis at HUF 20 billion, but unlike the green premium system, leftover subsidies are not transferable to the next year, and the five-year subsidies granted will be deducted from the annual HUF 20 billion limit for their entire extent.

The implementation of the new support scheme, however, will most likely pose certain challenges to the regulatory authority and the industry as well, particularly for green premiums granted through public tenders. On one hand, stricter regulation regarding the permitting and realization of projects eligible for premiums introduced by METAR will require an adjustment of project structures. From the financing perspective, a different approach will also be necessary taking into consideration that the amount of the premiums will no longer be fixed.

On the other hand, opening tenders to renewable projects located outside of Hungary could prove to be an effective tool to increase competition in a sector that has operated under regulated pricing over the past decade, and to strengthen regional cooperation in the energy sector.

With the first green-premium tenders expected to be announced later this year, the feasibility of the annual HUF 1 billion cap on green premiums in public tenders and the annual HUF 20 billion cap on brown premiums will be put to the test.

In light of the EU's recent legislative approach, which encourages solar, wind, and hydro projects over biomass and biogas, and the fact that there is a lot of room for growth in the Hungarian renewables sector (the share of renewables within electricity consumption was 7.19% in 2016), it will be of particular importance to have a well-operating and feasible renewables support scheme that is successful in increasing generation capacities ahead of the completion of the EU's Europe 2020 strategy.

Peter Simon, Partner, and Nora Kondorosi, Senior Associate, CMS Budapest

UKRAINE

Ukraine's Energy Market: 2017 Year in Review



Olena Kuchynska

For various reasons, 2017 was a remarkable year for the electricity sector in Ukraine. Chief among them, no doubt, was the long-awaited adoption of the new law on the electricity market. Ukraine's electricity market has been liberalized not only because of the country's commitments under the EU Third Energy Package, but also as the benefits of competition became evident in the wholesale gas market. This liberalization started almost three years ago and is still on-going, though admittedly not without challenges.

The case with electricity is no less complicated. To begin with, Ukraine effectively remains cut off from the power grid of continental Europe, except for Burshtyn Island – three power plants in Western Ukraine that are synchronized with the European Network of Transmission System Operators for Electricity (ENTSO-E). It is quite well understood that Ukraine's full integration into the European system is crucial both for energy security and for opening the market. In particular, integration is expected to increase Ukraine's power exchange with the EU from the current 885 MW to 4,000 MW in ten years.

To this end, in June 2017 Ukraine signed an agreement to merge its power system with the energy system of continental Europe. The agreement contains a list of requirements and a road map of actions for the next five years that are necessary to achieve EU synchronization by 2025.

In technical terms, integration is not possible without an upgrade of the grid – particularly the construction and reconstruction of the networks and high-voltage substations – which requires significant investments in the infrastructure in the next few years.

Investors see these opportunities, but they also want to have more clarity and predictability in the rules of the game. Accordingly, they have welcomed the new law on the electricity market, which was adopted after nearly a year in parliament, and which came into effect in early June 2017.

Based on the new law, Ukraine has to reformat its single-buyer model, which does not comply with the EU Third Energy Package, into a competitive market with direct contracts between suppliers and consumers and other essential elements of free trade (e.g., balancing, day-ahead, and intraday markets). Opening the market should attract new entrants – for instance, foreign traders – who were not allowed to do business in Ukraine under the previous rules.

The liberalized model has to come into full operation by July 1, 2019. Market participants will have to adapt not only to completely revised regulations, many of which are currently in the process of being drafted, but to a new economic reality; one that is loaded with additional competitors and different priorities, such as environmental sustainability.

Apart from developing the market in general, Ukraine has to speed up to reach its targets on power generation from renewable sources. While Ukraine has committed to reaching a 11% renewable energy share in its gross final energy consumption by 2020, at the moment – only three years prior to that deadline – it is not yet 2%. Therefore Ukraine is looking to attract more investments in the construction of renewable energy generation facilities. The government continues to offer producers of green energy one of the highest levels of feed-in tariffs fixed until 2030 in EUR equivalent and guarantees that the state off-taker will purchase all produced power (except for the portion used for own needs of the generation facility) at the feed-in tariff rate. With significant input from the international financing institutions – who are very active investors in the sector – the model Power Purchase Agreement (PPA) for energy produced from renewable energy sources is being gradually aligned with investors' expectations. For instance, currently, the PPA provides for effective mechanisms of redress, including international arbitration and step-in rights for creditors.

The Ukrainian electricity market and regulations are undergoing significant changes, which are expected to result in a completely new market set-up by 2020. Although the reformation is not expected to be smooth, these changes will bring many opportunities to various stakeholders.

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MACEDONIA

Liberalization of the Energy Market in Macedonia



Gjorgji Georgievski

Macedonia has started the process of liberalizing and privatizing the energy market as an obligation deriving from the Treaty establishing the Energy Community signed on October 25, 2005 in Athens (the "Treaty"). In 2010, the Government adopted the Energy Development Strategy to 2030 which identified the integration of the Macedonian energy market into

the regional and European energy and natural gas markets by constructing new interconnections and implementing the EU energy market regulations in national legislation as a key priority. The Government also anticipated the implementation of the latest set of EU energy market regulations – known as the "Third Energy Package" – in national legislation. However, Macedonia has not yet ensured the proper transposition of the requirements of the Third Energy Package in the areas of market opening and price regulation, unbundling, third-party access, balancing, eligibility, customer protection, efficient regulatory powers, or independence.

In 2011, the Macedonian lawmaker adopted the Energy Act in the form of an umbrella law covering electricity, renewable energy, oil and gas, and regulation of the energy transmission and distribution markets. The Energy Act envisaged the full liberalization of the energy market by January 1, 2015 in two phases. Initially, the Energy Act envisaged the entrance to the market by eligible cus-

tomers (*i.e.* companies with more than 50 employees and annual turnover exceeding EUR 10 million) for July 1, 2013. However, due to continued non-compliance with the Market Rules by operators, in June 2013 the Energy Regulatory Commission (ERC) decided to postpone the market opening to avoid the destabilization of Macedonia's electricity supply. Subsequently, the entrance to the market of all customers (except for households) was rescheduled for April 1, 2014. This deadline was also not met, however, since, according to the ERC, only large consumers who had already participated in the competitive market signed supply agreements with licensed electricity providers; all the other companies claiming eligibility to enter the market had not yet entered into electricity supply agreements. In relation to the entrance of households on the market, the Energy Act allowed the distribution system operator, EVN, to maintain its monopoly for the supply of electricity to households until December 31, 2014 on the basis of electricity prices strictly regulated by the ERC, and, as of January 1, 2015, to allow households to pay market value prices for their electricity.

In October 2014, the Macedonian lawmaker amended the Energy Act by abolishing the eligibility status of small companies and households initially granted as of April 1, 2014 and January 1, 2015 respectively. Under these amendments, small customers and households would be progressively granted the right to switch suppliers according to the following schedule (i) small customers with an annual consumption above 1 GWh in 2015 would be eligible as of July 1, 2016; (ii) small customers with an annual consumption above 500 MWh in 2016 would be eligible as of July 1, 2017; (iii) small customers with an annual consumption above 100 MWh in 2017 would be eligible as of July 1, 2018; (iv) small customers with an annual consumption above 25 MWh in 2018 would be eligible as of July 1, 2019; and (v) households would be eligible as of July 1, 2020. As these restrictions for small customers and households to freely choose their supplier is a breach of the Treaty, in January 2015, the Energy Community Secretariat opened an infringement procedure against the Government for its failure to comply with the Energy Community's eligibility rules.

The Government has also failed to transpose the unbundling requirements of the Third Energy Package, as currently the Energy Act transposes only the unbundling requirements from the Second Energy Package. The transmission network operator MEPSO is only legally unbundled while the legal and functional unbundling of the distribution network operator EVN was completed in 2016 by the establishment of its EVN Distribucija subsidiary. The new company has not yet taken measures to ensure the functional unbundling such as rebranding and new visual identity, as the Energy Act does not transpose those requirements from the Third Energy Package. The generation operator ELEM is currently exempt from legal unbundling. However, it has not yet implemented accounting unbundling, in breach of Directive 2009/72/EC.

In August 2017, the Government proposed a new draft Energy Act, but it remains to be seen whether it will be in compliance with the Third Energy Package.

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