The 800 Pound Gorilla in The Room: Western Sanctions on Russia

- Across the Wire: Summary of Deals and Cases in CEE
- Market Spotlight: Russia
- Experts Review: Privatization and PPP/Infrastructure
- The Glass CEEling (Part II)
- CEE Legal Matters Round-table: The Future for International Law Firms in CEE
- Roots in Revolution: Miller Canfield in Poland
The 2014 CEE Legal Matters General Counsel Best Practice Handbook is almost here. This year’s guide will belong on every lawyer’s desk. Contact CEE Legal Advisory Board consists of:

- Counsel at Hewlett-Packard Poland
  - Oraz Dursyev: Legal Director, Compliance Officer

- Counsel at British American Tobacco
  - Gordon Finlayson: General Counsel at HBO Europe

- Counsel (Chief Legal Counsel) at MOL Group
  - Alojz Kecskés: Managing Partner of a Hungarian law firm

- Country Legal Counsel at Hevlett-Packard Poland
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Editorial: The Lingering Legacy of Russia

Russia, it need not be said, is enormous. Russia is bigger than Plato.

Russia is huge.

I lived in Russia from 1995-1998, first in a small community outside of Vladivostok – eight hours ahead of the country’s capital – and then in Moscow itself. I was able to experience the excesses and wonders of that chaotic period, and I left for law school in the United States just as the ruble collapsed and the country entered one of its darker periods.

But my memories are neither chaotic nor dark. From the kind school teachers I worked with to the bright and eager young kids in the beach-side community I lived in, I was astounded by the kindness, hospitality, and hearts of the people I met – obviously as large as the country they beat in. I was changed by the experience, and I consider it a priceless and powerful part of my life.

My personal experience is, perhaps, not particularly relevant – but the truth is, it’s impossible for me to edit an issue focusing on Russia without reflecting on those memories, those experiences, those people. And, after all, living in Russia exposed me to Eastern Europe for the first time — I also traveled to Prague during my stay in Moscow — and I don’t doubt that my presence in this part of the world now can be tied to its affect on me.

I’m not the only one who watches Russia, and we transition awkwardly from the personal to the professional: from Russia’s affect on a young American in the mid-90s to Russia’s affect on a young professional: from Russia’s affect on a young American to Russia’s affect on the global business community in the middle years of this decade.

In fact, the tremors that affect the Russian economy are felt far outside of Russia’s enormous borders. And as a result, the sanctions that the West has imposed on Russia in recent months as a result of its accession of Crimea, and the possibility of additional sanctions that may appear in the future are of enormous significance to the global business community – and therefore to the dozens of large law firms that serve it. In our report on the subject in this issue, Bill Reichert, the Managing Partner of K&L Gates in Moscow, describes the Western sanctions on Russia as “The Gorilla in the Room” — impossible to ignore, dangerous, and all anyone can talk about.

Similar adjectives can be used to describe Russia itself, of course. And our Market Spotlight in this issue shines brightly on Russia, and includes interviews with several Russian General Counsel, an Expat on the Market Q&A with Dentons Senior Partner and Russian expert Doran Doeh, and more.

In addition, just as the countries of CEE find it difficult to fully escape Russia’s shadow, many of the other articles and features in this issue seem affected by the history, power, and machinations of the region’s — and the world’s — largest country.

The Experts Review feature in the issue focuses on Privatization — a process which in many CEE markets still, now decades after the fall of the Berlin Wall, involves the ongoing dismantling of lingering communist (and primarily Moscow-imposed) infrastructure. The Top Sites feature considers law firm websites in Hungary and Russia. A Russian lawyer in Turkey takes over as Country Manager of a Russian company in that country. And the fascinating story of Miller Canfield’s efforts in Poland involves the Polish Solidarity movement in the late 1980s, as that country strove to break free of the Soviet grip.

Of course, there’s other important content in this issue as well. Part II of our “Glass CEEl” report on women in private practice in CEE provides the perspectives and explanations of law firms in the region on hiring practices and partnerships.

And the issue is, as always, full of news about law firm office openings and closings, new alliances, practices, and business models. Our regular summary of all the deals from CEE reported in the last two months, and much more. The issue is packed with valuable information, and the process of gathering it, compiling it, and presenting for our readers it has been exciting.

Now. Enjoy the World Cup. Enjoy the summer. And enjoy this June issue of the CEE Legal Matters magazine.
Guest Editorial: Expect the Unexpected

The last couple of months have taught legal practitioners in CEE (including Russia and Turkey) that this region requires quite a bit of foresight when advising on transactions of any kind: the de-facto occupation and integration of Crimea into the Russian Federation is likely to have been reflected in the SPAs or long-term contracts that were negotiated in late 2013/early 2014. The occupation of a significant portion of a country sharing a common land border with four EU-member states is something few people would have thought of as a realistic scenario at that time. Well, that has changed now.

Direct impact

But what does this development mean for legal work? How do you deal with a de-facto change of borders and control over a territory that is not recognized by the EU, the US, or any other significant economic power – but is by Russia? How do you deal with assets located in Crimea and the power of Russian authorities exercised there; do you consider them Russian or Ukrainian or both when looking into merger control scenarios in a current transaction on the group level? Ignoring the authority of either of the two may have a negative impact on your client’s remaining business in Ukraine or Russia, whichever authority has been disregarded.

The muddy crystal ball

The events in Ukraine and in particular in Crimea remind us that in CEE, even the most diligent research will not guarantee the ability to anticipate what will happen even during the relatively short period of time that typically takes place between the signing and the closing of a pretty standard M&A transaction. This makes it even more important to provide contractual mechanisms that offer reasonable protection for both parties to a deal: the purchaser will need to have some say once certain assets of the transaction are suddenly in a territory over which the central government no longer exercises control and the government that in fact exercises control is not recognized by the purchaser’s own government; at the same time, the seller may argue that the relevant assets operate as usual without disruption and that there is no impediment to going ahead with the inked deal.

All of us are in a position to bring sound arguments under law and equity for both sides here …

But how would such contractual protection work in practice? Will standard material adverse change clauses (MAC) from now also include the factual disintegration of countries, or is this situation covered anyway as a force-majeure event? I tend to lean towards MAC language that also covers to a reasonable extent the political risk of the region, a risk of which we have just been reminded.

Rethinking the subjective feeling of comfort

Until earlier this year, I, for one, had the impression that the current international framework provided reasonable protection for investments in CEE. Most countries had signed a reasonable number of BITs and had already experienced their first ICSID trials. With the events in Crimea, I have had to rethink my subjective feeling of comfort. How should one proceed in case of an expropriation of assets located in Crimea? Go against Ukraine, which in fact does not exercise power there anymore? Against the Russian Federation, given the fact that no EU country has recognized the splitting off of Crimea and its integration into the Russian Federation? One could argue that protection and justice may currently only be sought in the courts of the Republic of Crimea and of the Russian Federation. I am not sure how comforting that thought is for a client, though.

Pragmatism, the core quality in CEE

Having raised all these questions, I am still very optimistic about the region and its future development due to CEE’s unique pragmatism in dealing with situations that in other parts of Europe would likely create insurmountable problems. While it may take quite a while until the national and international legal framework is formally adapted to the factual situation, business across the region will continue more or less as usual and business transactions, also with foreign partners, will continue as before. The one key difference from before? Today we are more aware of the fact that the unexpected can happen at any time in this region.
Across The Wire

Legal Ticker: Summary of Deals and Cases

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<thead>
<tr>
<th>Date covered</th>
<th>Firms Involved</th>
<th>Deal/Litigation</th>
<th>Deal Value</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 11, 2014</td>
<td>Schoenherr, Fench &amp; Fench</td>
<td>Schoenherr advised Österreichische Volksbanken (ÖVAG) on the sale of its fully-owned subsidiary Volksbank Mala, to Malta-based Mediterranean Bank, which was advised by Fench &amp; Fench Advocates.</td>
<td>N/A</td>
<td>Austria</td>
</tr>
<tr>
<td>April 24, 2014</td>
<td>CHSH Cerha Hempel Spiegelgeld Hawai, Schoenherr</td>
<td>CHSH and Schoenherr advised on negotiation and completion of a shareholders’ agreement between Österreichische Industrieholding and America Movil relating to shares the two hold in Telekom Austria.</td>
<td>N/A</td>
<td>Austria</td>
</tr>
<tr>
<td>April 29, 2014</td>
<td>Demons</td>
<td>Demons advised Gotta Beteiligungsgehiliecht in the company’s obtaining of investment from AFNUNU Management.</td>
<td>N/A</td>
<td>Austria</td>
</tr>
<tr>
<td>April 29, 2014</td>
<td>Luther, KWR Kurnik Wietryck Rechtswerte</td>
<td>Luther and KWR Kurnik Wietryck Rechtswerte advised MUT Holding on its acquisition of a majority share in the Austrian Thyroson Extrainstruktur und technik, as well as its German subsidiary Extradru-Kompompo- sante-Sagentin, from Dillenga Holding und RBL – Beteiligungs- und Treuhandgesellschaft.</td>
<td>N/A</td>
<td>Austria</td>
</tr>
<tr>
<td>May 2, 2014</td>
<td>Hogan Lovells</td>
<td>Hogan Lovells advised Isenbroad Cambridge on the disposal of a European portfolio of 18 hotels operating under the IHG brands of Crowne Plaza, Holiday Inn, and Holiday Inn Express.</td>
<td>N/A</td>
<td>Austria</td>
</tr>
<tr>
<td>May 6, 2014</td>
<td>Binder Groszow</td>
<td>Binder Groszow advised the Poel family on the sale of the Salebarg Schokolade company to Viennese investors Philipp Hammer and Christian Schueller.</td>
<td>N/A</td>
<td>Austria</td>
</tr>
<tr>
<td>May 7, 2014</td>
<td>CHSH Cerha Hempel Spiegelgeld Hawai, Binder Groszow, Laidgatt, Ipp Huegl, Clifford Chance</td>
<td>CHSH, bpv Hugel, and Clifford Chance advised IMMUNISANZ and BUWOG on capital market aspects and financing in connection with the IPO of BUWOG.</td>
<td>N/A</td>
<td>Austria</td>
</tr>
<tr>
<td>May 15, 2014</td>
<td>CHSH Cerha Hempel Spiegelgeld Hawai</td>
<td>CHSH advised the HERZ group in connection with its acquisition of the majority of the shares in HIRSCH Sero.</td>
<td>N/A</td>
<td>Austria</td>
</tr>
<tr>
<td>May 15, 2014</td>
<td>Schoenherr, Dorda Brugger Jordis</td>
<td>Schoenherr and Dorda Brugger Jordis advised on establishment of a mutual capital interlinking between PALFINGER (and individual selling PALFINGER shareholders) and SANY Heavy Industries Co.</td>
<td>EUR 220 million</td>
<td>Austria</td>
</tr>
<tr>
<td>May 22, 2014</td>
<td>Wolf Theiss</td>
<td>Wolf Theiss advised the Helvetia-Group on its purchase of the Bulter Versicherungs-Altengesells- chlap.</td>
<td>N/A</td>
<td>Austria</td>
</tr>
<tr>
<td>May 27, 2014</td>
<td>Laidlagers</td>
<td>Laidlagers advised buschle incnemines on the squeeze-out of its minority shareholders by Thala Holding.</td>
<td>N/A</td>
<td>Austria</td>
</tr>
<tr>
<td>May 27, 2014</td>
<td>Wolf Theiss and Latham &amp; Watkins</td>
<td>Wolf Theiss advised Lifebrain, a medical diagnostic laboratory group headquartered in Austria, on its acquisition of the Italian Gaudonia Group.</td>
<td>N/A</td>
<td>Austria</td>
</tr>
<tr>
<td>May 28, 2014</td>
<td>Hogan Lovells</td>
<td>Hogan Lovells is advising MINISUHI Heavy Industries (MHI) on its participation in a global joint venture between Mitsubishi-Hitachi Metals Machinery and Siemens.</td>
<td>N/A</td>
<td>Austria</td>
</tr>
<tr>
<td>May 30, 2014</td>
<td>Binder Groszow and Dorda Brugger Jordis</td>
<td>Binder Groszow advised the Scota24 Group on its acquisition of Austrian IMMOBILIEN, a leading Austrian wholesaler of sanitary and bathroom products.</td>
<td>N/A</td>
<td>Austria</td>
</tr>
<tr>
<td>June 4, 2014</td>
<td>Binder Groszow, Millbank, and Eisen- herger &amp; Herzog</td>
<td>Binder Groszow, Millbank, and Eisenheger &amp; Herzog advised on the sale of Software AG’s Austrian SAP Consulting business to the Scher Group.</td>
<td>N/A</td>
<td>Austria</td>
</tr>
<tr>
<td>June 4, 2014</td>
<td>Dorda Brugger Jordis</td>
<td>Dorda Brugger Jordis advised the Freunenthal Group on its acquisition of all shares in GOG, a leading Austrian wholesaler of sanitary and bathroom products.</td>
<td>N/A</td>
<td>Austria</td>
</tr>
<tr>
<td>May 8, 2014</td>
<td>Hengler Mueller, Laidlagers</td>
<td>Hengler Mueller and Laidlagers advised on Axel Springer sale of regional newspapers, TV pro- grmaguid, and women’s magazines to Funke Medientrupp.</td>
<td>EUR 920 million</td>
<td>Austria</td>
</tr>
<tr>
<td>May 22, 2014</td>
<td>Sayenko Kharenko</td>
<td>Sayenko Kharenko advised Capiton in connection with its acquisition of a Ukrainian subsidiary of the Finnish Dyna-Group.</td>
<td>N/A</td>
<td>Austria, Romania, Ukraine</td>
</tr>
<tr>
<td>Date</td>
<td>Firms Involved</td>
<td>Deal/Litigation</td>
<td>Deal Value</td>
<td>Country</td>
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<tr>
<td>May 26, 2014</td>
<td>Boreinus and Gavrilev, Sevastian &amp; Moore</td>
<td>Boreinus advised the Helsinki-based Pane gesture in connection with an offering of high-yield notes to international investors as part of the Group's refinancing.</td>
<td>EUR 450 million</td>
<td>Lithuania, Poland</td>
</tr>
<tr>
<td>May 1, 2014</td>
<td>Eversheds</td>
<td>The Court of Appeal in Lodz dismissed the appeal by mBank in the class action brought by a group of 1,247 consumers, which Wielkopolski Eversheds represented.</td>
<td>N/A Poland</td>
<td></td>
</tr>
<tr>
<td>May 2, 2014</td>
<td>Chadbourne &amp; Parke and Wolf, Goodall &amp; Mangers</td>
<td>Multimedia Polska announced on March 26, 2014 that it is seeking to sell 49.2% of its stake in its TV operations in an IPO scheduled for June, 2014.</td>
<td>N/A Poland</td>
<td></td>
</tr>
<tr>
<td>May 8, 2014</td>
<td>Greenberg Traurig</td>
<td>Greenberg Traurig advised Cyfrowy Polsat's acquisition of Polkomtel, the operator of the “Plus” mobile network.</td>
<td>N/A Poland</td>
<td></td>
</tr>
<tr>
<td>May 13, 2014</td>
<td>Wardynski &amp; Partners</td>
<td>Wardynski &amp; Partners, acting pro bono, obtained hearing of a case against e-commerce site by The Supreme Court of Poland.</td>
<td>N/A Poland</td>
<td></td>
</tr>
<tr>
<td>May 13, 2014</td>
<td>Bird &amp; Bird</td>
<td>Bird &amp; Bird is advising Lexmark International on its recommended cash offer to the shareholders of the Swedish ReaSoft company.</td>
<td>EUR 133 million</td>
<td>Poland</td>
</tr>
<tr>
<td>June 10, 2014</td>
<td>Wolf Theis</td>
<td>Wolf Theis obtains significant victory before the Polish Supreme Court.</td>
<td>EUR 2 million</td>
<td>Poland</td>
</tr>
<tr>
<td>June 16, 2014</td>
<td>Greenberg Traurig, Allen &amp; Overy</td>
<td>Greenberg Traurig and Allen &amp; Overy advised BNP Paribas Poland and its main shareholder, BNP Paribas, in the public offering of shares of BNP Paribas Poland.</td>
<td>EUR 55 million</td>
<td>Poland</td>
</tr>
<tr>
<td>June 16, 2014</td>
<td>CMS Cameron McKenna</td>
<td>CMS advised Zabka (MEP portfolio company) on the acquisition of Spolied Zabrze.</td>
<td>N/A Poland</td>
<td></td>
</tr>
<tr>
<td>June 23, 2014</td>
<td>Greenberg Traurig</td>
<td>Greenberg Traurig advised the PZU Group in the tender procedure for selecting an HR management system supplier.</td>
<td>N/A Poland</td>
<td></td>
</tr>
<tr>
<td>May 23, 2014</td>
<td>Studni​​ski Plecak Cwikalski Gronski</td>
<td>Studni​​ski Plecak Cwikalski Gronski represented Enterprise Investors in negotiations concerning the taking-up of shares in Nu-Med Group.</td>
<td>N/A Poland</td>
<td></td>
</tr>
<tr>
<td>May 28, 2014</td>
<td>Kd&amp;L Gates</td>
<td>Kd&amp;L Gates obtained a costs award and a dismissal of all claims for the Republic of Poland in an investment treaty dispute with U.S. investors David Mannotte and Robert Lewis.</td>
<td>USD 1.2 million</td>
<td>Poland</td>
</tr>
<tr>
<td>June 29, 2014</td>
<td>Studni​​ski Plecak Cwikalski Gronski</td>
<td>Studni​​ski Plecak Cwikalski Gronski advised the PTE Warta pension fund on the sale and transfer of its management to PTE Atanex Polka.</td>
<td>N/A Poland</td>
<td></td>
</tr>
<tr>
<td>June 3, 2014</td>
<td>Studni​​ski Plecak Cwikalski Gronski, Hengeler Mueller, and Vinga</td>
<td>Studni​​ski Plecak Cwikalski Gronski, Hengeler Mueller, and Vinga advised on the sale of Olsh Industries.</td>
<td>USD 56.5 million</td>
<td>India</td>
</tr>
<tr>
<td>June 4, 2014</td>
<td>BWW Law &amp; Tax</td>
<td>The Polish BWW Law &amp; Tax firm advised New Media Ventures and Portopix Konzert in the “Portopix Konzert” project – a new loyalty program for the clients of Cyfrowy Polsat, Polkomtel, and Plus Bank.</td>
<td>N/A Poland</td>
<td></td>
</tr>
<tr>
<td>June 10, 2014</td>
<td>Demonts</td>
<td>Demonts’ Warsaw office advised ERG Renew on its purchase of shares in EW Omesa 2 from the Vortex Energy Group.</td>
<td>EUR 65 million</td>
<td>Poland</td>
</tr>
<tr>
<td>June 2014</td>
<td>Schoenbrunn, Domanski Zakrzewski, Polska, and Toza Zbarenca &amp; Associati</td>
<td>Schoenbrunn advised VLB Leasing International, on the sale of VLB Leasing Poland and VLB Leasing Romania to the Polish company Grin Holding, which was represented by Domanski Zakrzewski Polska and Toza Zbarenca &amp; Associati.</td>
<td>N/A Poland, Romania</td>
<td></td>
</tr>
<tr>
<td>June 13, 2014</td>
<td>Delevevsky &amp; Plimpton, Latham &amp; Watkins, and Clifford Chance</td>
<td>Delevevsky &amp; Plimpton, Latham &amp; Watkins, and Clifford Chance are advising on Clayton, Dubilier &amp; Rice agreement to acquire Maser Group from Dubai International Capital.</td>
<td>EUR 1.2 billion</td>
<td>Poland, Russia, Turkey</td>
</tr>
<tr>
<td>May 29, 2014</td>
<td>Bureaus, Toza Zbarenca &amp; Associati, Vilou Minel</td>
<td>The Bureaus law firm secured a victory in the Romanian High Court on behalf of Wirt Air in a dispute against Timisoara Airport and Carpatair. Carpatair was represented by Toza Zbarenca &amp; Associati and Timisoara Airport.</td>
<td>N/A Romania</td>
<td></td>
</tr>
<tr>
<td>June 5, 2014</td>
<td>Kunstler</td>
<td>Kunstler’s Hungarian office advised EBRD on a EUR 57 million loan for the development of the Topolgrad Danube wind park in the South-East of Romania.</td>
<td>EUR 57 million</td>
<td>Romania</td>
</tr>
<tr>
<td>May 26, 2014</td>
<td>Allen &amp; Overy</td>
<td>Allen &amp; Overy advised on a EUR 66 million financing of Axiomare to be used for modernizing its plant in Tinuge Mures, Romania.</td>
<td>EUR 66 million</td>
<td>Romania, Czech Republic</td>
</tr>
<tr>
<td>Date covered</td>
<td>Firms Involved</td>
<td>Deal/Litigation</td>
<td>Deal Value</td>
<td>Country</td>
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<tr>
<td>April 24, 2014</td>
<td>Nkolorov, Savlev &amp; Partners</td>
<td>Nkolorov, Savlev &amp; Partners advised the Russian MIR management company on an investment agreement with Koltech.</td>
<td>N/A</td>
<td>Russia</td>
</tr>
<tr>
<td>April 28, 2014</td>
<td>Linaya Prav</td>
<td>Linaya Prav succeeded in having a Decision and Order of the antimonopoly authority for the north Caucasus on the alleged imposition of loan repayment through amnesty payments by Sberbank of Russia to its borrowers overturned and invalidated by the Arbatskii Court for the Rosnot Region of Russia.</td>
<td>N/A</td>
<td>Russia</td>
</tr>
<tr>
<td>April 29, 2014</td>
<td>Gleiss Lutz, Allen Gump, Borenias, and Hengeler Mueller</td>
<td>Gleiss Lutz, Borenias, Allen Gump, and Hengeler Mueller advised on Sistema JSC joint venture with Freesinus Kabi to establish a pharmaceuticals joint venture for operations in Russia and the CIS.</td>
<td>N/A</td>
<td>Russia</td>
</tr>
<tr>
<td>May 4, 2014</td>
<td>Square Sanders</td>
<td>Square Sanders advised OXON Holdings on a fund raising from Sistema and Mobile Telesystems.</td>
<td>USD 130 million</td>
<td>Russia</td>
</tr>
<tr>
<td>May 26, 2014</td>
<td>YUST</td>
<td>The YUST law firm represented the Russian Public Library and the Russian Ministry of Culture in their claim against the Russia for return of books from the rare Scheremetso Collection to Russia.</td>
<td>N/A</td>
<td>Russia</td>
</tr>
<tr>
<td>May 26, 2014</td>
<td>Monastyrs’kyi, Zyuba, Stepov’yi &amp; Partners</td>
<td>Monastyrs’kyi, Zyuba, Stepov’yi &amp; Partners lawyers protected the interests of UralSoyuzvzvod in patent litigation in the Ninth Appellate Court.</td>
<td>N/A</td>
<td>Russia</td>
</tr>
<tr>
<td>May 28, 2014</td>
<td>Debevaix &amp; Plamondon</td>
<td>Debevaix &amp; Plamondon advised Transundra on the establishment of Polution, a joint venture based on the Omnis Polypropylen Plant.</td>
<td>N/A</td>
<td>Russia</td>
</tr>
<tr>
<td>May 28, 2014</td>
<td>Nkolorov, Savlev &amp; Partners</td>
<td>Nkolorov, Savlev &amp; Partners advised OXON on antitrust issues related to its acquisition of controlling shares in the ElRex and Best-book online bookstore.</td>
<td>N/A</td>
<td>Russia</td>
</tr>
<tr>
<td>May 30, 2014</td>
<td>FBK Legal</td>
<td>FBK Legal participated in a tender of the Bank of Russia.</td>
<td>N/A</td>
<td>Russia</td>
</tr>
<tr>
<td>June 3, 2014</td>
<td>Slaughter and May, Wiersholm, and ALRUD</td>
<td>Slaughter and May, Wiersholm, and ALRUD are advising on a long term Investment and Co-operation Agreement between North Atlantic Drilling (NADL) and Seadrill Limited with Rosneft.</td>
<td>N/A</td>
<td>Russia</td>
</tr>
<tr>
<td>June 3, 2014</td>
<td>Integrites</td>
<td>Integrites acted as Russian legal counsel to the London and Utrecht branches of Rabobank International in connection with revolving facilities.</td>
<td>EUR 120 million</td>
<td>Russia</td>
</tr>
<tr>
<td>June 4, 2014</td>
<td>FBK Legal</td>
<td>FBK Legal provided notification on controlled transactions in 2013 on behalf of client Alexion Pharma.</td>
<td>N/A</td>
<td>Russia</td>
</tr>
<tr>
<td>June 5, 2014</td>
<td>FBK Legal</td>
<td>FBK Legal assisted SEVERALMAZ in the placing of additional shares in the company by open subscription.</td>
<td>RUB 16 billion</td>
<td>Russia</td>
</tr>
<tr>
<td>June 6, 2014</td>
<td>Otrick</td>
<td>Otrick advised Sherbank CIB as the arranger on a complex refinancing for MLP Group, a leading warehouse distribution operator in Russia and Ukraine.</td>
<td>USD 500 million</td>
<td>Russia, Ukraine</td>
</tr>
<tr>
<td>June 6, 2014</td>
<td>JPM Jankovic Popovic Mitic</td>
<td>JPM Jankovic Popovic Mitic advised the owners of Milos Klinika on the sale of 100% of its stake to the Blue Sea Capital Investment Fund.</td>
<td>N/A</td>
<td>Serbia</td>
</tr>
<tr>
<td>June 9, 2014</td>
<td>Karanovic &amp; Nikole</td>
<td>Karanovic &amp; Nikole assisted Croatian Agrofirm in successful applications for merger clearance in relation to its combination with Slovenia’s Mercator.</td>
<td>EUR 240 million</td>
<td>Slovenia, Croatia, Serbia</td>
</tr>
<tr>
<td>April 17, 2014</td>
<td>Cechova &amp; Partners, Stnell &amp; Wilmer, and S. Horowitz &amp; Co.</td>
<td>Cechova &amp; Partners, Stnell &amp; Wilmer, and S. Horowitz &amp; Co. advised AFS Technologies on its acquisition of 100% of Visicom.</td>
<td>N/A</td>
<td>Slovakia</td>
</tr>
<tr>
<td>May 19, 2014</td>
<td>Ips Beus Partners</td>
<td>Ips BEAUS PARTNERS is providing legal advice on the construction of a multipurpose City Arena complex in Tiraspol, Transnistria.</td>
<td>N/A</td>
<td>Moldova</td>
</tr>
<tr>
<td>May 14, 2014</td>
<td>Asters</td>
<td>Asters advised on Memorandum of Understanding signed between Easteem and Ukrtransmar on transmission of gas from Slovakia to Ukraine.</td>
<td>N/A</td>
<td>Slovakia, Ukraine</td>
</tr>
<tr>
<td>April 29, 2014</td>
<td>Schoenherr</td>
<td>Schoenherr advised a group of shareholders of Slovenia’s Helios Domadre and pledges in Helios shares in the sale of a majority stake in Helios to Ring International Holding, a Vienna-based industrial group.</td>
<td>EUR 106 million</td>
<td>Slovenia</td>
</tr>
<tr>
<td>May 14, 2014</td>
<td>Schoenherr, Wolf Theiss</td>
<td>Schoenherr advised Slovenian credit financial institutions in the debt restructuring of the Laslo Group, a major regional beverage manufacturer and distributor, which was represented by Wolf Theiss.</td>
<td>EUR 330 million</td>
<td>Slovenia</td>
</tr>
<tr>
<td>May 16, 2014</td>
<td>Wolf Theiss</td>
<td>Wolf Theiss advised the Slovenian Proswarna Laslo brewery on debt restructuring.</td>
<td>EUR 300 million</td>
<td>Slovenia</td>
</tr>
<tr>
<td>May 6, 2014</td>
<td>Allan &amp; Overy, Atim &amp; Atim</td>
<td>Allan &amp; Overy advised the Industrial and Commercial Bank of China on its proposed acquisition of 73.5 percent of the issued share capital of Telit Bankasi from GSD Holding (which was represented by Atim &amp; Atim).</td>
<td>USD 316 million</td>
<td>Turkey</td>
</tr>
<tr>
<td>May 7, 2014</td>
<td>White &amp; Case</td>
<td>White &amp; Case advised GMF Infrastructure and its group companies on the sale of their 40 percent stake in Istanbul’s Sabiha Gokcen International Airport.</td>
<td>EUR 209 million</td>
<td>Turkey</td>
</tr>
</tbody>
</table>
On the Move: New Homes and Friends

Firm Moves

Hogan Lovells and Norton Rose Fulbright Give Up in Prague

Norton Rose Fulbright closed its Prague office on May 1, 2014 – and Hogan Lovells announced it will be following suit shortly thereafter.

This marks the second time that Norton Rose has closed in Prague, as it also withdrew from the Czech capital in September, 1996, before re-opening 10 years later. Corporate Partner Milana Chamberlain has returned to the firm’s main office in London, while Czech Partner Pavel Kvicila and his team have joined Havel, Holasek & Partners – making that firm, the largest in the Czech Republic, even larger. Havel, Holasek & Partners’ founder Jaroslav Havel stated that: “Joining forces with prominent Partner Pavel Kvicila and his experienced team will give us an opportunity to provide expert legal services to a number of global and local clients.”

Hogan Lovells announced that its doors will close on July 31, 2014. At the moment, the office has 34 fee earners, including Partners Miroslav Dubovský and Pavel Skopovy, and 14 support staff. David Harris, Hogan Lovells’ global co-CEO, stated: “We have taken the decision to close the Prague office following a review of the market and our investment priorities. The partners in Prague understand the decision and are considering the possibility of the office becoming an independent local firm with an informal referral relationship with Hogan Lovells. We are very grateful to all of our people in Prague for their hard work over the years.”

In Prague, Miroslav Dubovský, the firm’s local Managing Partner, confirmed the news: “Hogan Lovells has operated in the Czech Republic since 1991 working for both domestic and international clients. Obviously, global and local markets and priorities have changed since then. We firmly believe that we have a good practice and that there are market opportunities that we can take advantage of, including working with Hogan Lovells in the future. We look forward to the new challenges.”

Squire Sanders in Global Merger with Patton Boggs

On June 1, 2014, the merger between Squire Sanders and Patton Boggs became official, and the firm began operating under the name Squire Patton Boggs.

The new entity – which added Patton Boggs’ 300 lawyers to Squire Sanders’ 1300 – has 1,600 lawyers and 45 offices in 21 countries, which the firm claims places it squarely among the top 25 firms globally by headcount, and 8th in number of offices around the world. According to a jointly-issued press release announcing the merger in May, “the combined firm will bring together Squire Sanders’ top ranked global legal platform and Patton Boggs’ preeminent public policy, white collar and other practices to provide clients with unparalleled geographic reach, breadth and depth of practice capabilities and unmatched knowledge in matters where law, government and business intersect.”

Jim Maiwurm, the Chair and Global CEO of Squire Sanders, was unsurprisingly enthusiastic about the news on the day the merger was announced: “Today marks an important day in the history of our firm. Patton Boggs is the premier public policy firm in the world, and this combination establishes us as the ‘go-to’ firm for public policy work. We also gain a leading position in the Middle East and several new locations in the United States, while deepening our bench in a number of important practices areas, all of which strengthen our service platform,” he said. “Through our discussions we have gained a great deal of respect for the partnership and culture of Patton Boggs. We are very pleased to combine leading global and public policy firms with diverse and strong practices and client bases, strong regional positions and international orientations. Together we will be uniquely positioned to respond to the needs of business clients around the world.”

Ed Newberry, the Managing Partner of Patton Boggs, shared Maiwurm’s confidence. “Squire Sanders is recognized as one of the industry’s leading global law firms with practice and industry expertise in key financial markets spanning the Americas, Europe, Asia-Pacific and the Middle East,” he said. “The platform and collective expertise created through this combination provide considerable opportunities to access new markets, engage clients in new ways and attract and retain top talent. I couldn’t be more excited for the future of our firm.”

Merger Between Sinanides & Sinanides and Drakopoulos in Greece

On June 10, 2014, the Drakopoulos Law Firm in Greece announced that it had merged with the Greek Sinanides & Sinanides law firm. Sinanides & Sinanides has been active in the Greek legal market for over 35 years.

Hero Sinanidou-Sideridou, the founder and Managing Partner of her eponymous firm, is a leading authority in Gaming law. She will lead the Drakopoulos Gaming law practice across the firm’s 11 jurisdictions in Southeastern Europe, based out of the firm’s Athens headquarters.

George Sinanides, the co-founder at Sinanides & Sinanides, is a prominent litigator in Greece, as well as a Lecturer in Civil Procedure at the Athens Law School and Deputy Director of Legal Services at Alpha Bank. He joins Drakopoulos as Of Counsel, and will be the Head of the firm’s Litigation practice, while Maria Sinaidou, also joining as Of Counsel, will lead Drakopoulos’s Copyright practice.

Pepeliaev Group and Russia & Vecchi In Strategic Alliance For Russian Far East

The Russian Pepeliaev Group and the Washington D.C.-based Russia & Vecchi have agreed to form a strategic alliance for Vladivostok, the Primorski Krai region of Russia, and the Russian Far East. The alliance’s representatives will provide legal support in areas such as the fuel and power industry, natural resources law, transport, construction, tourism, healthcare, pharmaceuticals, telecommunication, mining, marine law, agriculture and timber processing.

The firms report that they have already started to collaborate actively in the context of the alliance: in early April they held a seminar in Vladivostok on “The Legal Aspects of Doing Business in the Russian Far East in 2014.” During this event, the firms discussed tax difficulties, amendments to the Civil Code, and issues occurring as a result of the move towards de-offshorization, along with many other matters of interest to businesses in the region. Those taking part in the seminar included representatives from the Consulates General of South Korea and the USA, as well as Heads of Legal and senior managers from foreign companies doing business in the Far East, and senior figures from companies in the region.

The alliance is designed to take advantage of Russia & Vecchi’s existing office in Vladivostok and the Pepeliaev Group’s strong reputation in tax and other matters. The firms, combined, have more than 170 lawyers and more than 1,500 clients in Moscow, St Petersburg, Kazakhstan, Vladivostok, and Yuzhno-Sakhalinsk, among other cities.

Maalouf Ashford & Talbot Opens in Russia

Maalouf Ashford & Talbot has opened an office in Moscow. The firm, which now has offices in 7 countries and is affiliated with another 30 offices globally, will be led in Moscow by Russia House International Lawyers law firm Managing Partner Maxim Tavintsev, who will wear two hats.

Senior Partner John Maalouf, based in New York, says that Maalouf Ashford & Talbot continues to plan additional expansion across the Middle East. He notes that his firm is doing a lot of work in both Poland and Turkey, and that he and his partners are “strongly considering” opening offices in both countries.
On the Move: New Homes and Friends

Eversheds Hires Former White & Case Director of HR

Human Resources specialist Moira Slape has agreed to join Eversheds as HR Director. Slape joins the firm from White & Case, where she was Director of HR across Europe, Middle East and Africa (EMEA).

Slape has over two decades of experience in the legal sector. She worked at White & Case since 2010, initially as the London HR Director before being promoted to Director of HR for the EMEA region, where she had responsibility for 2000 people and 250 partners, as well as the leadership of the EMEA HR team. Before White & Case, Slape spent nine years at Linklaters, where she was Global Head of Learning & Development before being promoted to Head of HR for Global Business Services, where she had responsibility for HR services to Business Services in London and in the definition and implementation of global initiatives, practices and policies for Business Services.

According to Eversheds, “in her new role as Eversheds HR Director, Moira will be responsible for people strategy, covering talent, reward and employer brand as well as global integration across the firm’s offices.”

Commenting on her appointment, Slape said: “I am thrilled to be taking up the role of HR Director at Eversheds, a firm which over the last few years has been at the forefront in tackling important industry issues such as diversity, social mobility and corporate responsibility. I look forward to working collaboratively with teams across the globe in devising and promoting best practice in HR across Eversheds offices.”

Adriatic Firms Gearing Up For Regional Alliance Launch

TLA - Top-tier Legal Adriatic

Law firms in Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia, and Slovenia are preparing to launch a new legal alliance: Top-tier Legal Adriatic (TLA).

The six firms participating in the alliance – one from each market – are: Tkalcic-Dulic, Prebanic, Rizvic, Jusufbasic-Goloman in Bosnia and Herzegovina; Savoie & Partners in Croatia; Debaric, Dameski & Kelesoski in Macedonia; Law Office Vujacic in Bosnia and Herzegovina; Savoric & Partneri in Croatia; Debaric – are: Tkalcic-Dulic, Prebanic, Rizvic, Jusufbasic-Goloman in Bosnia and Herzegovina; Savoie & Partners in Croatia; Debaric, Dameski & Kelesoski in Macedonia; Law Office Vujacic in Bosnia and Herzegovina; Savoric & Partneri in Croatia; Debaric –

Jankovic is enthusiastic about getting started: “Our main goal for the following year is to introduce TLA to the business community and international legal professionals and to present it as the unique solution was to be a part of a legal network providing exceptional legal services to clients within a ‘one-stop shop’ concept but with added value gained by connecting top-tier only law offices from the Adriatic region, bringing together more than one hundred lawyers operating as one team. As such an alliance did not exist, the only “There are some law firms that try to cover the region as a whole already, but aiming to be tier 1 in all of the markets is simply not feasible.”

- Ales Rojs
### Summary Of Partner Lateral Moves

<table>
<thead>
<tr>
<th>Date Covered</th>
<th>Name</th>
<th>Practice(s)</th>
<th>Firm</th>
<th>Moving From</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 15, 2014</td>
<td>Sausoles Mirosyan</td>
<td>Real Estate</td>
<td>Lakatos, Koves &amp; Partners</td>
<td>Hungary</td>
<td></td>
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<tr>
<td>April 29, 2014</td>
<td>Piotr Tymkowski</td>
<td>Real Estate</td>
<td>CMS Cameron McKenna</td>
<td>Poland</td>
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<tr>
<td>April 29, 2014</td>
<td>Assen Georgiev</td>
<td>Litigation/Dispute Resolution, Regulatory</td>
<td>CMS Cameron McKenna</td>
<td>Bulgaria</td>
<td></td>
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<tr>
<td>April 29, 2014</td>
<td>Martin Wodzislawski</td>
<td>Litigation/Dispute Resolution, Regulatory</td>
<td>CMS Cameron McKenna</td>
<td>Hungary</td>
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<tr>
<td>April 29, 2014</td>
<td>Lukasz Janieczek</td>
<td>Energy, PPP/Infrastructure</td>
<td>CMS Cameron McKenna</td>
<td>Czech Republic</td>
<td></td>
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<tr>
<td>April 29, 2014</td>
<td>Valeriy Fedoseev</td>
<td>Labour</td>
<td>CMS Cameron McKenna</td>
<td>Russia</td>
<td></td>
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<tr>
<td>May 2, 2014</td>
<td>Julian Hansen</td>
<td>Corporate/M&amp;A, Energy</td>
<td>DLA Piper</td>
<td>Russia</td>
<td></td>
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<tr>
<td>May 2, 2014</td>
<td>Yuriy Borotnikov</td>
<td>PPP/Infrastructure</td>
<td>VEGAS LEX</td>
<td>Russia</td>
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<tr>
<td>May 6, 2014</td>
<td>Alexis Hatzimichailis</td>
<td>Banking/Finance</td>
<td>Watson, Farley &amp; Williams</td>
<td>Greece</td>
<td></td>
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<tr>
<td>May 8, 2014</td>
<td>Simona Martin</td>
<td>Project Finance, Real Estate</td>
<td>CMS Cameron McKenna</td>
<td>Romania</td>
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<td>May 8, 2014</td>
<td>Loredana Mihai</td>
<td>Energy</td>
<td>CMS Cameron McKenna</td>
<td>Romania</td>
<td></td>
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<tr>
<td>May 15, 2014</td>
<td>Mihai Nosea</td>
<td>Litigation/Dispute Resolution</td>
<td>Bita Goran</td>
<td>Romania</td>
<td></td>
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<tr>
<td>May 15, 2014</td>
<td>Ana Franian</td>
<td>Corporate/M&amp;A</td>
<td>Bita Goran</td>
<td>Romania</td>
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<tr>
<td>May 21, 2014</td>
<td>Anton Drubyan</td>
<td>Banking/Finance</td>
<td>ALRUD</td>
<td>Russia</td>
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<tr>
<td>June 4, 2014</td>
<td>Ibrinem Yaminoglu</td>
<td>IP/TMT</td>
<td>Yuksel Karin Kocak</td>
<td>Turkey</td>
<td></td>
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<tr>
<td>June 4, 2014</td>
<td>Onur Yalcin</td>
<td>Litigation/Dispute Resolution</td>
<td>Yuksel Karin Kocak</td>
<td>Turkey</td>
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Full information available at: www.ceelegalmatters.com

### Period Covered: April 11, 2014 - June 10, 2014

### Summary Of New Partner Appointments

<table>
<thead>
<tr>
<th>Date Covered</th>
<th>Name</th>
<th>Practice(s)</th>
<th>Firm</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 15, 2014</td>
<td>Assen Georgiev</td>
<td>Litigation/Dispute Resolution</td>
<td>CMS Cameron McKenna</td>
<td>Bulgaria</td>
</tr>
<tr>
<td>April 16, 2014</td>
<td>Stanislav Gerasyenko</td>
<td>Arbitration</td>
<td>Astapov</td>
<td>Ukraine</td>
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<tr>
<td>May 19, 2014</td>
<td>Natalia Meschertalova</td>
<td>Compliance Counsel</td>
<td>British American Tobacco</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>June 4, 2014</td>
<td>Irina Nazarova</td>
<td>E &amp; P Advisory</td>
<td>Egorov Puginsky Afanasiev &amp; Partners</td>
<td>Ukraine</td>
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Full information available at: www.ceelegalmatters.com

### Period Covered: April 11, 2014 - June 10, 2014

### Summary Of In-House Appointments

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<th>Date Covered</th>
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<th>Appointed to</th>
<th>Company</th>
<th>Moving From</th>
<th>Country</th>
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</thead>
<tbody>
<tr>
<td>April 17, 2014</td>
<td>Marian Radu</td>
<td>Head of Legal</td>
<td>ID Group</td>
<td>GRIVCO</td>
<td>Romania</td>
</tr>
<tr>
<td>April 22, 2014</td>
<td>Umit Bilgen</td>
<td>Head of Legal</td>
<td>AojiTT</td>
<td>TTNet</td>
<td>Turkey</td>
</tr>
<tr>
<td>April 24, 2014</td>
<td>Isti Yilmaz</td>
<td>Legal Director</td>
<td>Multi Development</td>
<td>Alstrom Transport</td>
<td>Turkey</td>
</tr>
<tr>
<td>May 10, 2014</td>
<td>Andras Mohacsi</td>
<td>Global Commercial Compliance Counsel</td>
<td>British American Tobacco</td>
<td>United Kingdom</td>
<td></td>
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</tbody>
</table>

Full information available at: www.ceelegalmatters.com

### Period Covered: April 11, 2014 - June 10, 2014

### Other Appointments

<table>
<thead>
<tr>
<th>Date Covered</th>
<th>Name</th>
<th>Firm</th>
<th>Appointed to</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 12, 2014</td>
<td>Alex Cook</td>
<td>Clifford Chance</td>
<td>Managing Partner in Prague</td>
<td>Czech Republic</td>
</tr>
<tr>
<td>May 15, 2014</td>
<td>Stanislav Gerasyenko</td>
<td>Arzinger</td>
<td>Chairman of the Real Estate and Construction Committee of the Ukrainian Bar Association</td>
<td>Ukraine</td>
</tr>
<tr>
<td>May 16, 2014</td>
<td>Vitali Kaslko</td>
<td>Arzinger</td>
<td>Deputy Prosecutor General of Ukraine</td>
<td>Ukraine</td>
</tr>
<tr>
<td>May 26, 2014</td>
<td>Oleksii Reznikov</td>
<td>Egorov Puginsky Afanasiev &amp; Partners</td>
<td>Member of the High Council of Justice of Ukraine</td>
<td>Ukraine</td>
</tr>
<tr>
<td>May 28, 2014</td>
<td>Bogdan Fedorov</td>
<td>AojiTT</td>
<td>Managing Partner</td>
<td>Moldova</td>
</tr>
<tr>
<td>May 28, 2014</td>
<td>Andras Mohacsi</td>
<td>Global Commercial Compliance Counsel</td>
<td>British American Tobacco</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>June 6, 2014</td>
<td>Philip Carrington</td>
<td>Herbert Smith Freehills</td>
<td>Head of Disputes in EMEA</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>June 9, 2014</td>
<td>Irina Nazarova</td>
<td>Egorov Puginsky Afanasiev &amp; Partners</td>
<td>Chair of the Ukrainian Bar Association’s Alternative Dispute Resolution Committee</td>
<td>Ukraine</td>
</tr>
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</table>

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### Period Covered: April 11, 2014 - June 10, 2014
NNDKP Introduces New “Legal & Tax” Tagline

On June 2, 2014, Romania’s Nexor Nexor Dicaleuca Kingston Petersen (NNDKP) announced that the firm is fine tuning its brand message and identity by introducing a new “Legal & Tax” tagline. The move, the firm explained, does not reflect a new capability, but is instead designed “to emphasize its professional leadership in these areas.”

NNDKP Partner Ana-Maria Miron, who co-heads the firm’s Tax Advisory Services division, agreed to sit with CEELM and discuss the significance of the new tagline.

CEELM: Is this primarily a branding/marketing exercise - emphasizing an integrated approach - or does the new emphasis refer to a genuine organizational or structural change in the firm?

NNDKP: This initiative did not involve structural or organizational changes. However, that it aims at emphasizing a perfectly mature synergy between our legal and tax consultancy, our strategy focuses extensively, in the long run, on a better integration of these services across all the levels of the organization, so that every attorney, whether a legal consultant/litigator or a tax consultant, can better tailor the optimum solutions from both perspectives.

In other words, we do things similarly, but we micro-manage all processes in the firm in the context of a stronger internal emphasis on a series of key strategic aspects that we first designed and then developed the tax division from three professionals to 23 tax specialists and an impressive client portfolio for a “young” entrepreneurial venture - emphasizing an integrated approach - or does the new emphasis refer to a genuine organizational or structural change in the firm?

CEELM: What is the history of the firm’s tax practice? Was it part of the firm’s original offering, or was it added subsequently?

NNDKP: Although legal advice on general tax matters has been provided to clients since 1997, the specialization occurred gradual-ly, so that a distinct tax practice was established in the firm in 2006, under my coordination. Two years later, the business challenges and opportunities on the legal and tax consultancy markets created the perfect framework to capitalize on the firm’s existing capabilities, with the addition of a highly-experienced team of tax consultants, former managers of companies in the Big4, led by Alina Timofoi and Marius Ionescu. Thus, 2008 was the year which marked the beginning of the NNDKP legal and tax synergy, through the creation of the Tax Advisory Services division affiliated with the law firm.

CEELM: The firm has managed to build the largest tax consultancy in terms of revenue in Romania outside the Big 4. What were the keys to its success?

NNDKP: It was not without challenges that we created this and developed the tax division from three professionals to 23 tax specialists and an impressive client portfolio for a “young” entrepreneurial venture. Our long-term business strategy encompassed a series of key strategic aspects that we first designed and then implemented, such as measurable performance indicators, good talent management translated into the selection of the best tax professionals on the market and optimum retention strategies, adaptive account management, focus on brand growth and reputation management of the newly created entity.

And the initiative launched six years ago did not only pass the test of time, but proved that we made the best possible choice, confirmed in terms of team strength, evolution of turnover, and the client portfolio.

CEELM: Of the three NNDKP Tax co-heads, two are originally accountants, not legal professionals. How common is this in the Romanian market? What are the unique advantages/perspectives that accountants bring to a law firm’s tax practice?

NNDKP: In some European jurisdictions, only lawyers can act as tax consultants. In others, including Romania, economists can also provide tax advice.

While lawyers benefit from a holistic legal approach, which is essential in addressing a tax issue, the value added by professionals with accounting background resides in their good understanding of basic accounting and financial management aspects, rounded up by the macro-economic know-how and 360 degree perspective (especially considering the higher number of projects where tax issues derive from accounting rules).

CEELM: What are the most complex tax projects that your firm has advised on recently?

NNDKP: Among our most recent projects there can be mentioned significant deals in several industries:

- Assistance provided to an important international bank in a cross-border merger between its Romanian subsidiary and the UK headquarters, where we advised on all tax implications including the implementation advice.

- During the last post-privatization stages of a major automotive player, the tax assistance included the final tax restructuring of the privatized company, as well as complex negotiations with the State authorities for finalizing the process.

- Design of tax procedures in relationship to the inventory management and stocktaking for a major player in retail; our delivery consisted of a procedures mapping dealing with relevant profit tax and VAT aspects.

- Advice to a major real estate developer in selling two office buildings totaling a value of above EUR 120 million; we were involved in structuring the transactions, the advice during the negotiations, drafting the tax-related clauses in the sale-purchase agreements etc.

Advice related to the restructuring of an important agribusiness investment, restructuring caused by the Cypriot banking crisis. We provided not only legal and tax advice, but also tax assistance in relation to the compliance component of such a restructuring.

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NNDKP: Although legal advice on general tax matters has been provided to clients since 1997, the specialization occurred gradual-ly, so that a distinct tax practice was established in the firm in 2006, under my coordination. Two years later, the business challenges and opportunities on the legal and tax consultancy markets created the perfect framework to capitalize on the firm’s existing capabilities, with the addition of a highly-experienced team of tax consultants, former managers of companies in the Big4, led by Alina Timofoi and Marius Ionescu. Thus, 2008 was the year which marked the beginning of the NNDKP legal and tax synergy, through the creation of the Tax Advisory Services division affiliated with the law firm.

CEELM: The firm has managed to build the largest tax consultancy in terms of revenue in Romania outside the Big 4. What were the keys to its success?

NNDKP: It was not without challenges that we created this and developed the tax division from three professionals to 23 tax specialists and an impressive client portfolio for a “young” entrepreneurial venture. Our long-term business strategy encompassed a series of key strategic aspects that we first designed and then implemented, such as measurable performance indicators, good talent management translated into the selection of the best tax professionals on the market and optimum retention strategies, adaptive account management, focus on brand growth and reputation management of the newly created entity.

And the initiative launched six years ago did not only pass the test of time, but proved that we made the best possible choice, confirmed in terms of team strength, evolution of turnover, and the client portfolio.

CEELM: Of the three NNDKP Tax co-heads, two are originally accountants, not legal professionals. How common is this in the Romanian market? What are the unique advantages/perspectives that accountants bring to a law firm’s tax practice?

NNDKP: In some European jurisdictions, only lawyers can act as tax consultants. In others, including Romania, economists can also provide tax advice.

While lawyers benefit from a holistic legal approach, which is essential in addressing a tax issue, the value added by professionals with accounting background resides in their good understanding of basic accounting and financial management aspects, rounded up by the macro-economic know-how and 360 degree perspective (especially considering the higher number of projects where tax issues derive from accounting rules).

CEELM: What are the most complex tax projects that your firm has advised on recently?

NNDKP: Among our most recent projects there can be mentioned significant deals in several industries:

- Assistance provided to an important international bank in a cross-border merger between its Romanian subsidiary and the UK headquarters, where we advised on all tax implications including the implementation advice.

- During the last post-privatization stages of a major automotive player, the tax assistance included the final tax restructuring of the privatized company, as well as complex negotiations with the State authorities for finalizing the process.

- Design of tax procedures in relation to the inventory management and stocktaking for a major player in retail; our delivery consisted of a procedures mapping dealing with relevant profit tax and VAT aspects.

- Advice to a major real estate developer in selling two office buildings totaling a value of above EUR 120 million; we were involved in structuring the transactions, the advice during the negotiations, drafting the tax-related clauses in the sale-purchase agreements etc.

Advice related to the restructuring of an important agribusiness investment, restructuring caused by the Cypriot banking crisis. We provided not only legal and tax advice, but also tax assistance in relation to the compliance component of such a restructuring.

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Glimstedt Launches New Website for Start-Ups in Estonia

“...entrepreneurs rarely lack enthusiasm or passion. What they often do lack, however, is information about best practices, sources of capital, and applicable laws and regulations. To address this need, the Estonian office of the Glimstedt law firm has launched the new “LegalBooster” website, which aims to provide “all the legal stuff you need to know to get your start-up going.”

Anne Veerpalu, one of the Glimstedt lawyers behind the LegalBooster site, describes the venture as “basically a knowledge database for start-up companies, including not only template agreements, but basically using everything we’ve done before, meaning all the training materials that are relevant, and explanations regarding how to use them, as well as all the videos for trainings we’ve provided, presentations, blogs, and so on.”

The user-friendly site is divided into four sections: Blog, Materials, Videos, and Fund. The home page contains regular updates of cautionary and/or success stories, as well as useful tips and recommendations. Templates for useful and common procedures, including not only template agreements, but basically using everything we’ve done before, meaning all the training materials that are relevant, and explanations regarding how to use them, as well as all the videos for trainings we’ve provided, presentations, blogs, and so on.

The team of lawyers behind the project (including Veerpalu, Glimstedt Partner Priit Latt, and Associates Merit Lind, Triin Tuu-lik, Mari-Liis Ora, and Maarja-Liis Lall, as well as Auditor Liis Laanestaar) isn’t worried about providing the information free of charge. Veerpalu explains that, “I think the trend of the legal services market is going towards transparency...and I think this is the way it must be done – it has to be done.” She points out that, “what start-ups actually do a lot when they start is they go around talking to other start-ups. This is the same sort of information they would collect anyway from the market. So basically what we’re doing is collecting it into one place and putting it in a structured form.” Although the site is created by and managed by Estonian lawyers, Veerpalu believes the great majority of the information it contains is of general value, and useful to start-ups in other jurisdictions as well. And though “powered by” Glimstedt, Veerpalu insists that, “it wasn’t meant to be a marketing tool, and I’ve kept it as much as possible not being a marketing channel.”

LegalBooster delivers our message really clearly – keep your IP safe and take care of your investment proactively. Glimstedt is an innovative law firm mostly due to the booming technology sector pushing us lawyers to innovate our services. LegalBooster serves as merely one example of it.

But that’s not to say its completely disconnected from the firm. Partner Priit Latt sees LegalBooster as another demonstration of Glimstedt’s commitment to its clients – and the community at large. He says, “LegalBooster delivers our message really clearly – keep your IP safe and take care of your investment proactively. Glimstedt is an innovative law firm mostly due to the booming technology sector pushing us lawyers to innovate our services. LegalBooster serves as merely one example of it.”

Interview: Ilshat Timeryanov
Chief Legal Advisor, Iraq at Lukoil

Originally from Western Siberia, Ilshat Timeryanov graduated from St. Petersburg University in 2002. His career started with the TNK-BP division in Siberia, where he spent a year as a junior lawyer. In 2005 he joined Schlumberger as a regional legal counsel. In 2008 he was invited to join Gazprom as its International Head of Legal. During his time with Gazprom he travelled within Europe, Africa, and Latin America, negotiating petroleum agreements with national oil companies and governments, while managing his international legal team. In 2011 he joined GE as a Senior Counsel for Russia & CIS and a year later returned to the oil and gas sector. He joined Lukoil as a Chief Legal Advisor in Dubai, where he managed projects throughout the Middle East. His management of the West Qurna 2 project brought Timeryanov to Iraq, where he has been living and working for a little over one year.

CEELM: Indeed, you have quite an international career, having worked in Russia, the Netherlands, UAE, and now in Iraq, to name a few. From your experience, in which of these markets is the life of a lawyer most difficult and why?
LT: [laughs] It is probably not a surprise that the top of that list is held by Iraq. It is a very complicated and difficult market and there are a few specific reasons for this. Firstly, we are talking about “New Iraq” – after Saddam Hussein. At the moment, there is little, if any, stable legislation or general principles of business in place in the country. This ambiguity is very difficult to handle for a lawyer but it does present an incredibly interesting opportunity to be involved in shaping all of it as it is being built.

I would say that Iraq has a fascinating culture. People have a good moral standard and that make it easy to build bridges for communication. They want to grow, to cooperate with foreigners, and the country is open for international exchanges. It is a very interesting period in the country at the moment and I am excited to be a part of it.

CEELM: Having worked in so many places around the world, what did you
The decision to open a law office in a foreign country is not ever a purely economic analysis—it inevitably involves personalities, history, personal enthusiasms, connections, client base, and more. Miller Canfield’s offices in Poland can be traced to: all of the above.

In fact, Miller Canfield’s reach into Poland can be traced primarily to the passion and commitment of one young American lawyer.

Richard Walawender’s Polish parents emigrated to the United States after being deported to Siberia during WWII. Walawender studied Political Science and Russian/Eastern European Studies at the University of Michigan, and he followed the news of the Lech Wałęsa-led Solidarity uprisings in Poland closely. The call to action was irresistible: “So in 1981 I went over there and enrolled in the Jagiellonian University in Krakow, spent a summer and semester there, but … you know; my real motive at that time was to support and join the movement and help out the revolution. I studied during the week, and would hop on a train every Thursday night or Friday morning and go to where the strikes were taking place and the factories were being taken over. And then in the late summer of 1981, when I had a little more free time, I went to Gdańsk and volunteered my services with Solidarity’s press office. Literally, every weekend was spent at some sit-in or factory strike. It was pretty intense.”

Walawender returned to the University of Michigan in the fall of 1981, only a few months before marital law was declared in Poland. As President of the university’s Polish Club, he collaborated with other Polish student groups in Poland and Western Europe in what he describes as “an information student Solidarity underground support network.” After completing his undergraduate education and then obtaining his law degree—he also at the University of Michigan—he joined Miller Canfield’s Public Finance practice in Detroit.

The first international law firm to open an office in Poland—one of the first to open an office in any Eastern European country—had headquarters not in New York or Chicago, nor in the closer European capitals of London, Vienna, or Paris. Instead, the first international law firm to open an office in Poland was based at 150 West Jefferson in downtown Detroit...

And the story of how and why that Detroit firm’s first office outside Michigan was in Poland, some 4300 miles away, is ultimately a story of two people, and a shared commitment to a fledgling republic.

Richard A. Walawender, Principal and Corporate Group Leader, Miller Canfield
starting a bank and in helping find other mechanisms to finance the government’s plans for change. Walawender says, simply, “so we described for them how the Polish bond program could raise money for the new government... and they said ‘ok, can you get on a plane?’ So we did.”

The immediate success of the bank and bond projects caught the attention of other investors. Walawender says that “after we did that, after we worked on the bank project and so on, it got quite a bit of publicity. Everything from home, and I just bought a fax machine, and that’s how it started.”

Miller Canfield CEO Michael McGee laughs at Walawender’s use of “we” to describe the firm’s start in Poland. He says of Walawender that, “Rick wasn’t just personally involved; he did it. As a second-year associate.”

When asked why he was entrusted with such authority and autonomy at such a young age, Walawender – now a partner himself – laughs “I don’t know!” But McGee is less uncertain. “Rick has always been a person who projects a lot of confidence, and the truth is that he was a star associate, he was a person that the firm was happy to have, is and was regarded as a really smart guy. His work was very highly regarded, so that when Rick Walawender brought this forward, I think the partners at the time said, ‘you know, this kid’s pretty smart, why don’t we see where this goes?’”

And McGee’s pride in the result is obvious. “I don’t know that it’s possible to know who might have been the first foreign consultants to be formally engaged by the new Republic of Poland with the task of assisting the new government, but it’s fair to say we were among the first, because this all happened so quickly. To some extent Solidarity coming to power was quite unexpected, even within Solidarity, so all of a sudden they have to run a country.”

It’s not as if there had been a great deal of advance planning in terms of having people thinking about a transition. That’s one point of pride that we have institutionally, is that there certainly weren’t many – very many at all – who were asked by the Poles to help before we were, and we were flattered and still are flattered to have been asked to quickly.”

Of course, international firms need to connect and cooperate with strong, connected, and competent lawyers on the ground. For Miller Canfield, Wojciech Babicki was the obvious choice.

Babicki, like Walawender, had been drawn to Solidarity’s call. He recalls that, “I just wanted to do something. I wasn’t a freedom fighter, but I wanted to do something, because it was a great time in Poland.” At the time Babicki was working for the Solidarity Fund and the Solidarity Foundation, and was one of the team of lawyers on Lech Wałęsa’s Presidential campaign (“the first one – the one he won,” he laughs). He recalls seeing the Solidarity Fund and Solidarity Foundation floored with new proposals – “some of them to-tally crazy; some of them very interesting; some of them simply stupid!” – but the suggestion that the new government set up a bank resonated. Eventually David Chase, a Polish Jew who left Poland for Connecticut after WWII, agreed to invest, and in July 1991 the Solidarność Chase D.T. Bank (named with Chase’s first and middle initials after Chase Manhattan objected to the version without them) was established in Gdańsk – in the building which had until recently been occupied by the provincial headquarters of the Communist party. “And that’s how we met,” Babicki recalls, “because David Chase hired Miller Canfield to do this deal for him in Poland, and that’s how I met Rick and that’s how I first heard about Miller Canfield of Michigan, and after the deal was done, my current partners called me and said ‘look, maybe we can do something together in Poland.’”

Babicki smiles at the memory of the early days. “In the very beginning I tried to practice normal law – in terms of going to the courts, like any Polish lawyer – and tried to work on Miller Canfield projects which were not at the time very big. I did everything from home, and I just bought a fax machine, and that’s how it started.”

Miller Canfield today has 17 offices in five countries, and the firm remains known for its strong public finance practice and a long history with both lenders and manufacturer, including – unsurprisingly for a firm based in Motown – with the automotive industry. The firm’s Poland presence has grown over time as well, of course, and Miller Canfield now has over 40 lawyers in three offices in the country: the headquarters in Gdansk (where Babicki sits), one in Warsaw, and the largest in Warsaw.

And despite the firm’s beginnings in Poland as an offshoot of Walawender’s commitment to the Solidarity movement and to helping the new government off the ground, McGee lauds that the firm has “absolutely” been profitable in the country. “We did not open offices for the sake of opening offices. The offices and the attorneys are successful and profitable on account of the work we are asked to do by our clients. The clients come first; they drive what we do.”

Undoubtedly. Nonetheless, it’s difficult to see the profit motive as the only consideration. And everything taken together, as law firm expansion stories go, Miller Canfield’s is a pretty good one.

All 1990 photos courtesy of Wojciech Babicki.
Natalie Petrushevskaya, Turkish Country Manager, Eriell Group

Natalie Petrushevskaya Enters and Emre Derman Departs From Non-Lawyer Positions in Turkey

Moving In, Moving On:
Legal Matters

In May 2014, Russian native and lawyer Natalie Petrushevskaya became Turkish Country Manager at the Eriell Group, a Russian-based manufacturer of oil drilling equipment. But Petrushevskaya has lived and worked in Turkey since 2006, when her Russian employer, the Moskauenergostroy construction company – having won the tender – asked her to move to the Bosporus Strait – asked her to move to Turkey (“without even an office, without anything”, Petrushevskaya laugh). When the project ended and it was time to go back to Russia, Petrushevskaya recalls, “I said no, I’m staying.”

In January of 2014, having grown dissatisfied at Akinci, she joined Bezen & Partners. And in January 2015, she became a Country Manager in Konya – and supervise the company’s work is divided between Bogazici Avukatlik Burosu and Bezen & Partners in Istanbul and the Turkmenoglu Hukuk Burosu in Konya – and supervise their work. She’s still adapting to the non-legal aspect of the role, however. “I feel different, but I like my new position, because it’s more challenging. Of course there are more responsibilities now, but it’s more interesting. I can use a lot of my knowledge, because after practicing here for 7-8 years, and knowing commerce and the way Turkish people work, for me it’s easier now to lead the company through the Turkish ways of working.”

On May 29, Emre Derman, the Managing Director and Senior Country Manager at JP Morgan in Turkey, sent out a short email to his contacts. The email, titled “Change is Good”, stated simply that: “Tomorrow is my last day at JP Morgan. It has been a great 3 years and I am grateful for your support and custom. It’s time for me to seek other challenges.”

Derman’s departure from JP Morgan follows several years after a similar departure from White & Case, which he left in Istanbul for almost a decade. When he left that firm in 2008, Derman recalls, he felt slightly stifled in the law firm world. “As much as I enjoyed being a manager in a law firm, law firms are very hierarchical structures, and do not easily lend themselves to active management. It was more about practicing, doing the business, as opposed to doing the administrative side. And I had a passion for the administrative side, I felt that I was good at it, so I was seeking some sort of a management role.”

Of course, he doesn’t deny that JP Morgan’s appeal lies beyond the purely practical. “When the role at JP Morgan came up, obviously there were a couple of other things. JP Morgan is a very prestigious name. The position itself was very prestigious. I was looking forward to perhaps proving to myself, and to others, that I was not just a lawyer, I was someone that could do a bit more than that, if given the opportunity.”

Mission accomplished. Derman explains that, as Senior Country Officer, “the job was essentially to be the face of the bank vis-a-vis regulator and clients and to act as the interface between the head office in London and the bankers on the ground.” Derman oversaw a staff of 60 and business lines that included investment banking, corporate banking, and treasury services. And, though he occasionally used his legal skills and knowledge to help his colleagues (“or at least steer them in the right direction”), Derman emphasizes that “it wasn’t a significant part of my job, actually, and on paper it wasn’t part of my job at all.”

Nonetheless, Derman ultimately found the particular structure of JP Morgan not completely conducive to his interests. “JP Morgan is a great place, but it’s also a very big place, and because of its size, JP Morgan has, justifiably, a very large bureaucracy. So the role that I took on was more of an ambassadorial and less of an actual management role. So in that respect I didn’t get as much of [the management responsibil- ity] as I wanted. But now, and I am always at pains to stress this, that is no fault of JP Morgan, it’s just the way the bank is, and given the regulatory pressures on the bank and given the size on the bank, I now understand why it is that way, and why it probably has to be that way. But I can say that from that narrow perspective it fell short of what I was trying to do.”

And, as he was in 2008, Derman is sanguine about departing from one position without having another set. “I like the flexibility associated with putting yourself out and saying, ‘ok, I’m unemployed, I’m enjoying myself, and I’m open to all kinds of discussions, ideas, etc.’” he explains. “That allows people to approach me without any hesitation and to discuss all kinds of interesting ideas, and one or two of them might be interesting enough for me to put my mind to it and pursue.”

So one of Turkey’s best known lawyers is unemployed for long.
Behind the Deal: LEGO's New Plant in Nyiregyhaza

On March 25, 2014, in the presence of the Hungarian Prime Minister, the newly rebuilt LEGO plant in Nyiregyhaza, Hungary, had its grand opening. The new complex, located on a 100-hectare site, created 250 new jobs, increasing LEGO's headcount to 1,500 in Hungary, and was built in just under 12 months – a record in Hungarian construction to 1,500 in Hungary, and was built in just under 12 months – a record in Hungarian construction for a project of that magnitude. The head of the legal team advising LEGO on the EUR 354 million project to expand the plant in Nyiregyhaza was Easter Kamocsay-Berta, then with Gide Loyrette Noaul in Budapest, who was happy to reflect on the deal and its main challenges.

Kamocsay-Berta started by pointing out that LEGO’s presence in Hungary actually dates back several years. Until 2008, the plant in Nyiregyhaza had been operated by Flextronics, which was producing toys for a Danish company, in line with most Nordic countries, its well-considered nature for something radically shape the direction of a project – its well-considered nature for something radically shape the direction of a project. The Danish culture, famous for its emphasis on clean hands, also raised challenges when, as Kamocsay-Berta put it, “that drive for a high standard of integrity was faced with the realities given.” She explained that, “what you need to understand is that this project was going to add a lot of jobs in an otherwise rather under-developed part of the country, and it wasn’t even just about the 1,500 jobs since it also created other ‘side industries’, it generated work for contractors, and developed the local infrastructure.” As a result, it was very much welcome by the Government – both central and local – but the corporate culture of LEGO dictated that it would actively distance itself from anything that might remotely affect its neutrality towards political institutions. It was, in Kamocsay-Berta’s view, the need to navigate between these two drives that required her to focus heavily on the “building bridges” aspect of the project.

In retrospect, Kamocsay-Berta explained, working on this kind of a project showed her first hand how “different cultures can radically shape the direction of a project – especially an eye opener since cultural differences is such a broad and vague concept that it only really becomes visible when you get to contrast two cultures in proximity to each other.” She added that her main takeaway was one that made her feel proud for the Hungarian people: “It was great to see how resourceful and inventive the Hungarian culture can be – it definitely helped massively in working in this project. Witnessing it first hand makes me be quite optimistic with regards to the country’s ability to welcome and accommodate future foreign investments of this magnitude.”

When asked about the particular challenges she faced while advising on the deal, the first examples that came to Kamocsay-Berta’s mind were practical in nature. “For example, the 100-hectare area where the plant was to be built was incredibly segmented – it had over 100 land owners. All of them had to be reached out to, negotiated with, and draft individualized contracts for, all of which leading up to a lot of contract work and quite a logistical challenge to coordinate,” she recalled.

She also points out specific characteristics arising from LEGO’s preferences, which at the time were rather particular: “Most companies, for a project of this magnitude, would prefer to identify one construction partner and contract them as relevant. LEGO’s approach was different. It segmented the different aspects into five main areas of specialization and aimed at identifying the best possible specialists in each of them. This meant coordinating with not only one general contractor but selecting, signing up, and coordinating/follow-up with at least five of them.” She also added that “it was fascinating to see this huge global company that specializes in toy manufacturing, managing something completely different – actual construction of a manufacturing facility.”

The really interesting challenges, however, stemmed not from the scale and complexity of the deal but from the nature of the stakeholders involved. In many ways, Kamocsay-Berta described the role of the legal advisors on the ground as that of a “bridge builder” between stakeholders with considerably different cultures. She elaborated: “Danish culture, again, like most Nordic countries, tends to be heavily focused on consensus building by involving all possible stakeholders in the dialogue to ensure that everyone is ‘on board’ with what is going on. While this is great for the morale of those stakeholders – and, personally, I believe it tends to generate better results in general – it did, at times, frustrate local partners because of its well-considered nature for something that mattered far less in their minds,” she explained. Accordingly, the legal team was expected to approach the project as more than just another lawyers’ assignment: “It wasn’t about purely managing legal risk. We had to act like real business partners who did not focus on the ‘why we shouldn’t’ but on the ‘how can we get this done’? In the end, this approach was highly appreciated by the client.”
The Glass CEEling: Connecting the Dots

Part 1 of the CEE Legal Matters 2014 report on women in law firm partnership across CEE appeared in the April 2014 issue of CEE Legal Matters, and provided the number and percentages of female partners at leading law firms across CEE. In this Part 2 of our report, managing partners of law firms from across the region provide their perspectives on the data.

All Partners who agreed to speak on the matter insisted that the numbers did not reflect an explicit policy vis-à-vis gender equality. Even Manuela Nestor, Co-Managing Partner of Nestor Nestor Diculescu Kingston Peterson (NNDKP) in Romania – the firm with the highest percentage of female partners in CEE (48%) – stated that, “NNDKP did not propose itself to hire or appoint as partners female lawyers,” and asserted that the firm’s selection criteria for hires at any level never included gender.

Instead, she said, the firm’s partners look at “the professional skills, attitude, loyalty, [and] reputation” of prospective candidates, and any gender imbalance is simply because, “it happened that at every selection, the female lawyers meeting the criteria outnumbered the male lawyers.”

Sebastian Guita, the Managing Partner of Schoenherr in Romania – the office with the second highest percentage of female partners (63%) – made the same claim: “it might simply be a coincidence that we simply ran into a higher number of highly skilled professionals and high potentials that were women. It is not like we went out there and only recruited women.”

Similarly, Tomasz Wardynski, the Managing Partner of Wardynski & Partners in Poland (45%), stated that while “women have always played a vital part in the life of our firm we have never differentiated between women and men when promoting our lawyers to partnership positions.”

And on the other side of the spectrum, offices with relatively low percentages of female lawyers in partnership made the same claim. Martin Brodey, Partner at Dorda Brugger Jordis in Austria (4%), asserted that: “We have an approach strictly focused on performance and gender is completely irrelevant for that.” He noted that “in fact the firm was co-founded by one of the first and most respected female lawyers in Austria, Theresa Jordis, who unfortunately passed away in September 2013.

“Romania evolved from a socialist political regime. During that period of time, the active population, both male and female, was obligated by law to perform a ‘useful activity for society’ – therefore to be employed in various sectors of activity. At both political and social levels for 50+ years women were not discriminated in terms of the possibility of being hired or promoted in decisional positions. On a contrary, they were obligated to work and be involved in the political activities, as limited and imposed as they were. As a result, culturally, Romanians have always been accustomed in the past 60 years to seeing women in all kind of professional positions, from simple worker to the highest decisional positions.”

- Manuela Nestor

The Issue of Culture

One of the primary aspects all commenters pointed to is the effect of national or regional culture on the partnership track for women. Patricia Gannon, Senior Partner at Kazarovic & Nikolic in Serbia (40%), said that, “I believe as the only foreign/woman partner that the issue is predominantly cultural with women in this region still rather governed by local cultural expectations regarding the family.” Similarly, according to Ayse Herguner Bilgen, Managing Partner of Herguner Bilgen Ozeke in Turkey (50%), “though there has been much progress on women entering the legal profession, we believe that there is still the stereotype of gender roles, unfortunately.”

Some partners are less convinced. Partners in both Bulgaria and Romania, for instance, claimed that no such stereotypes exist in their markets. Assen Djingov, the Managing Partner of Djingov Gouginski Kyutchukov & Velichkov (40%), explained that: “in Bulgaria you do not see much of the ‘house wife’ phenomenon, which I would explain based on the communist period of our history when one salary was not sufficient to feed a family. As a result the tradition is that male and female are generally equally active in searching for a job position including the legal profession.” Also referring to the communist era, Manuela Nestor says: “Romania evolved from a socialist political regime. During that period of time, the active population, both male and female, was obligated by law to perform a ‘useful activity for society’ – therefore to be employed in various sectors of activity. At both political and social levels for 50+ years women were not discriminated in terms of the possibility of being hired or promoted in decisional positions. On a contrary, they were obligated to work and be involved in the political activities, as limited and imposed as they were. As a result, culturally, Romanians have always been accustomed in the past 60 years to seeing women in all kind of professional positions, from simple worker to the highest decisional positions.”

- Patricia Gannon, Senior Partner at Kazarovic & Nikolic

Job Markets and Education

The percentages of men and women in job markets as a whole was also highlighted as playing a role. In Romania, Guita claimed that “anywhere between 65-70% of lawyers in Bucharest are female and I think that rolls out throughout the entire country – at least the feeling we get.” Similarly, Nestor pointed out that “statistically, the Romanian female population was constantly outnumbering the male population: This triggered a certain situation as regards the number of employed and promoted women.”

And the percentage of women pursuing legal educations may turn out to be a significant influence on how the percentages of women in partnership may change in the future. In Bulgaria, Djingov said, “I would not be surprised if the percentage of female law students in Bulgaria is higher than male.” The same is pointed out for Romania, as according to Nestor, “the number of female graduates of the law faculties was substantially higher than the male graduates in the past.” In Turkey too, according to Bilgen, “the number of female students in the legal profession has largely approached very close to...
Ayse Herguner Bilgen, Managing Partner, Herguner Legal Matters

Women at the associate level, it might take an increase in the percentage of female students based on an exam in which female students actually higher than male at the moment. In Turkey, at least, entry into law school is not force female lawyers to make a hard choice between ‘my family or my job.’

According to Gun, firm cultures as a whole need to adapt: “We believe in work-life balance for all our members, not only female lawyers. A constant push to bill creates a need to spend a lot of time in the office, so we need to give up some of our ambitions if they want to have a family life.”

Of course, firms are taking active steps to minimize the impact of this. Gannon emphasized: “We take a very flexible approach to ensure that they remain with us.”

Brody, however, noted that high female graduation rates have been the norm in Austria for decades, despite the persistently low percentages of female partners, so it’s not clear that the two phenomena are inevitably connected.

Life in a Law Firm

When it comes to actions law firms can take themselves to increase partnership opportunities for women the obvious first step in avoiding sexist hiring practices is avoiding gender bias in the creation of a formalized career path. And not surprisingly, as already highlighted, all firms that we spoke with explained that productivity and job performance are the main drivers for hiring/promoting partners. “Becoming a partner in our office is based on clear criteria and performance reviews,” said Bilgen in Turkey. For instance: “This corporate structure allows for female associates to be evaluated on equal grounds with any other associate – whether female or male – minimizing the ‘glass ceiling effect’ for our female associates.”

Nestor as well insisted that productivity is the main driving principle in her firm’s partnership/promotion evaluations. Many of the commenters, however, believe that a passive “we will not discriminate” approach is insufficient given some of the particular challenges women face in pursuing both motherhood and career. Gutiu explained that: “One of the main reasons why women are behind men is simply because in most instances it is a matter of choice. In most cases, if they choose to grow a family with 2 or 3 children, as harsh as it sounds, it is hard to make partner or compete with male partners because of the 6 to 9 or more months break. The reality is that maternity packages still tend to be primarily taken by women.”

And Wandytsky explains that “women often feel that the existing corporate model at many law firms means that they have to give up some of their ambitions if they want to have a family life.”

Of course, firms are taking active steps to minimize the impact of this. Gannon emphasized: “We take a very flexible approach to the needs of women and family balance naturally soon.” Bilgen pointed to such helpful options as “offering telecommunica- tion and home offices as flexible working premises for both single and married female associates.”

According to Gun, firm cultures as a whole need to adapt: “We believe in work-life balance for all our members, not only female lawyers. A constant push to bill creates a need to spend a lot of time in the office, so we need to give up some of our ambitions if they want to have a family life.”

Hugh Owen, Partner and Head of South Eastern Europe Desk, Allen & Overy

The Difficult Choice

Of course, to some extent there’s only so much law firms can do to minimize the demands made by BigLaw on those who practice within it. Groller noted that life in a law firm is by its nature dynamic. As a result, he said, the real challenge is keeping female lawyers with the firm long enough to get them promoted to partner: “We have a strong commitment to promote female lawyers to partners and do not see any reason why this should not work. We actively support female lawyers to extend their careers with us in order to broaden the pool for female partner candidates. It is a myth that a senior lawyer life cannot be combined with that of a family and we clearly see in our Associate base that this is by no means a women only topic.”

Owen too referred to this almost unavoid- able fact of big law firm life: “It is a complex issue taking into account the nature of Allen & Overy’s client work which is mostly transactionally driven, which is not appealing for all female lawyers striving for work-life balance.”

And, of course, alternatives to the partner track do exist. In Turkey, Bilgen explained, “it is very common for female associates working in law firms to opt for different roles (such as in-house counsel) as opposed to being a law firm partner since one can argue that an in-house role offers more flexibility in balancing work and personal life because there are no billable hours per se.”

Brody commented on a similar trend in Austria as well. Thus, not surprisingly, firms that registered a high number of female partners link it generally to an ability to retain their female associates for longer than most. For example, Wardynski observed that at his firm “created a working atmos- phere and a culture at W&K where women feel that their knowledge and qualifications are appreciated and that no gender distinction is made between women law-

Comparing countries in terms of partner- ships might also be an exercise of coping. As Groller pointed out, “there are considerable differences in what the title of Partner means across different markets.” He explained: “This reflects the fact that firms have a worldwide full lockstep system. This means that there are no re- gional or specific office partners – rather only global equity partners – meaning that global numbers for firms are far more rele- vant.” As a result, he pointed out, some firms in general have a smaller number of partners relative to the total number of lawyers who compose to other firms who would sometimes call associates that qualify as lawyers partners, even if they share an equal remuneration and responsibility status as associates in other firms.

Brody, however, noted that high female graduation rates have been the norm in Austria for decades, despite the persistently low percentages of female partners, so it’s not clear that the two phenomena are inevitably connected.

Another aspect that might skew the statistics, Groller suggested, is the nature of the firms concerned, as “one could expect that if one looks at the legal market in a whole, the ratio of female partners might be much higher.” This is certainly possible – though the opposite could be true as well.

Finally, Owen explained that, “this is not just a CEE issue, it is a profession-wide and society-wide issue.”

Conclusion:
Patria Gannon has the last word: “My strong recommendation is to encourage law firms to deal flexibly with female part- ners at certain stages of their lives but at the same time have strong expectations as to what they can achieve. Lowering the goal posts is not in the interest of the busi- ness or ultimately the female partner in the long term.”

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CEE Legal Matters
Round-table: The Future for International Law Firms in CEE

News that an international law firm has closed a CEE office is becoming routine. In the first six months of 2014 alone, Gide Loyrette Nouel and White & Case closed their offices in Bucharest, and Norton Rose Fulbright and Hogan Lovells closed theirs in Prague. With this as a background, CEE Legal Matters invited partners from four international law firms in London to a roundtable discussion about the future of the region for international firms.

Philip Abbott, Denise Hamer, Matthew Jones, and Simon Cox convened at the Richards Kibbe & Orbe offices in London on Tuesday, April 29, 2014, for a wide-ranging discussion on the markets of CEE, prospects for growth, and the ability of local firms to satisfy the needs of international clients. What follows is a short excerpt of a much longer conversation.

Denise Hamer is a Partner with Richards Kibbe & Orbe, concentrating in the areas of financial restructuring, distressed debt, asset disposition/acquisition, and special situations, with a particular focus on developing markets. She has, in her diverse career, held senior positions with Citigroup, Societe Generale, Weil Gotshal and Manges, White & Case, Arthur Andersen, Schoenherr, and the Austrian bank portfolio company of Cerberus Capital Management, BAWAG P.S.K. She has lived and worked in CEE and CIS for many years. Richards Kibbe & Orbe has offices in New York, Washington D.C., and London.

Matthew Jones is a Partner with Taylor Wessing’s Construction and Engineering team. He advises primarily on aspects of construction legal matters, particularly procurement, drafting and negotiation of building and engineering contracts, consultancy appointments, and related construction agreements. His clients and work are global, with projects in the UK and also from time to time in other jurisdictions, including Australia, Italy, Romania, Norway, Egypt, Turkey, Libya and Nigeria. Taylor Wessing has offices around the world, and has been in CEE since its 2012 merger with Vienna-headquartered ENWC Attorneys at Law.

Philip Abbott is a Banking and Finance Partner at Field Fisher & Waterhouse, with a strong focus on funds finance, real estate finance, and restructuring, as well as acquisition finance, receivables finance, and lending in the TMT and life sciences sectors. He has a significant focus on emerging markets, in particular Libya, Turkey, and the Middle East. Field Fisher & Waterhouse has 9 offices around the world.

Simon Cox is a Partner with McGuire Woods, where he advises on UK and international M&A, securities, private equity, privatization and joint venture projects, across a wide range of sectors (including energy & utilities, financial institutions, automotive, real estate, brewing & distilling, shipping, hotels and natural resources). In his 25 year legal career, Cox has worked on transactions in the UK, Central and Eastern Europe (principally in Bulgaria, Romania, Czech Republic, Ukraine, Russia, and Turkey), and in the Far East. McGuire Woods has offices across the United States, as well as London and Brussels.
CEELM: You all operate regularly with clients from across CEE, despite not hav-  
ing offices on the ground. So your clients are sitting in CEE, investing into the UK  
or on an international basis. How are you pitching your know-how, if you don’t have a local office?

Matthew Jones: We have offices in Austria, Poland, Slovakia, Hungary, Czech Republic  
and Ukraine. We don’t have a presence in Russia but we don’t see that as a gap necessarily. We have staff across the office network who can service our Russian work.

Simon Cox: You have to tailor your offer- ing to meet the client’s needs. You can’t say “we can’t do work locally but we could find a firm that you’ve maybe never heard of that’s a local firm, not an international firm.” I’m looking for clients coming out of these countries and expanding interna- tionally. For example, Turks looking at set- ting up in the UK, or Russians buying stock exchange funds, or a stock exchange listing. For that we need some Russian experience, and we need Russian language skills. We don’t need the office on the ground.

Denise Hamer: At my former firm, we had a Ukrainian office, but not a Russian office. And it was a big debate, because there’s obviously a lot of synergy between Russia and Ukraine, but on the other hand everybody understands that invest- ing in Russia is a whole different thing all together. It’s commitment, and it’s a huge financial resource commitment. You need some very strong anchor clients before you do that.

Simon Cox: The bigger firms focus on a couple of places, and they probably have a Moscow office. You have the smaller re- gional firms and the newer regional firms who are in some ways spin-offs with the experience of international law firms. They can offer a cohesive regional offering at a much better prices. There may be one or two big international firms who seem to have the government work, or they’ve got the high-end bonds work or similar, work- ing in some of the CEE markets. But as a model, I don’t see it as having a long-term future.

Denise Hamer: In Bucharest, for instance, the local champions have really grown very strong. There’s huge fee pressure, and outside of the UK and CEE in particular there’s also competition, not only from the local champions, but also from the Big Four, who have captive legal practices, and are doing the low-to-medium end work. So, it’s not a sustainable structure to have as many resources being spread across that large a region. Most of these firms opened up local offices on the back of privatization work or M&A work, big projects, and they just aren’t doing it. But the region’s not done. From the whole M&A finance side it’s now rolling over to distressed debt and restructuring. So, there’s definitely a demand for legal services in the region, just that it’s changed and they’re not necessarily enough to sustain offices on the ground in each location. In addition, local firms are more capable of handling the more sophis- ticated matters than they used to be in the past. They’ve hired laterally. They’ve hired Anglo-Saxon lawyers. If you look at the lo- cal firms, they also have very sophisticated local lawyers, who are politically connected.

Matthew Jones: Many local lawyers have trained at the international firms. They’ve been on the ground with an international local office of an international law firm. So, many will have had quality background and training. Some should then be capable of handling international deals. There has also been a greater focus on pricing in recent years and local firms may have greater abil- ity to absorb fee pressures than say Magic Circle or large international firms.

Philip Abbott: I would agree with that, and also endorse the need to be able to se- lect the best lawyers that you can to work with you in a particular jurisdiction. A cli- ent won’t necessarily stay with the same firm all the time. It depends on the type of work that they’re doing. I’ve found in the last couple of years bank clients being much more selective about who they want to act for them internationally. They know the London market, they’ve obviously got out and done due diligence on the firms that they plan to use and the individuals of those firms that they’re prepared to use. In other jurisdictions, sometimes the clients tell me who they’re going to use. At my previous firm, there were a couple of situa- tions where I used other offices of other international firms because that’s what the client required me to do. I think that clients are much more sophisticated now.

Simon Cox: I treat Poland differently from the rest of CEE, like Russia. I think if you’ve ever been to Central Europe as a big firm, you’ll be in Warsaw. And there are some very well-known people and in- ternational firms in Warsaw that are doing quite well. But I think if you look at Prague or Bucharest or the former Yugoslavia Re- publics, or all the different regions, I think the war for talent is the issue. International law firms cannot go to set up an office in CEE and throw money at it. It has to earn its own money. And to attract good part- ners or stars, you have to pay top bar, and you can’t pay top bar if you’re not earning enough to pay them. Part of this is simply that the home offices are much more fo- cused on the particular reasons for opening a foreign office. They’re saying: “We want a good year. We want to take some money out of our practices this year. We want to sort of refuel our coffers after having fund- ed another office opening.” I think office openings are – you see far fewer these days.

Denise Hamer: What’s happening in Tur- key, obviously there’s been a huge boom there, but you guys are quite expert on Tur- key. Do you see this as a bubble that’s going to implode very shortly?

Philip Abbott: It hasn’t imploded. I think it’s run into buffers politically. But there’s 70/80 million people there. It’s done very well. It’s got a good infrastructure. It’s get- ting better. If it can settle down and get over its exchange rates issues, and follow suit as to its currency, I think Turkey’s still got a long way to go to grow. International law firms – there aren’t that many there. I’d say probably fewer than 20.

Denise Hamer: Is it a language issue? What is it that’s holding the firms back?

Simon Cox: It was a bar issue originally. The Turkish bar doesn’t allow Turkish law- yers to work with international law firms. So, they set up dual practices. Plus I think it’s a market that people haven’t really fo- cused on until relatively recently. I was first asked to look at it eight years ago now, and I thought it was a great opportunity. And when I was looking at it White & Case were the only international firm with an office on the ground. They were asked by the government of Turkey years ago to go to Turkey to do all of the government’s work. They’ve made a massive success with it. They’ve suffered that problem of being the “only show in town” so when people get to a certain level and are not promoted, they go somewhere else and set up a competi- tor. So, the market has sprung up with lots of White & Case alumni, founding new law firms in Istanbul. But it’s a much nicer place to go and work than some of the Central and Eastern European countries.
Market Spotlight: Russia

Russia is the largest market in Europe with more than 140 million people, a growing middle class, and GDP per capita twice that of China. In Central and Eastern Europe, Russia's average annual household income of USD 23,000 is surpassed only by Slovenia and the Czech Republic. In recent years the Russian government has been very conservative in managing its financials and the country's budget deficit is currently less than -1.0 percent, and public debt stands at about 12 percent (compared to 80–100 percent in most European countries).

In the past decade, Russia has been one of the most profitable markets in the world for foreign investors with growth rates in double digits. Many multinational companies that entered this increasingly competitive market early have a turnover in excess of USD 1 billion. Russian consumers appreciate quality in goods and services and are prepared to pay a premium for established brands. In addition, Russia is still one of the best markets for human talent. Russia’s image in the Western press has never been good, as the country has historically received a disproportionate share of negative coverage as successor to the Soviet empire – primarily due to wide-spread corruption and the government's unwillingness to accept certain liberal Western values.

In March 2012 Vladimir Putin swapped roles with Dmitry Medvedev, winning an election, and became Russia’s President for a third term. Many in Russia were dismayed by this swap, thinking that a new Brezhnev-style era was looming and that Russia would be governed by a for-life ruler quietly aging and losing touch with reality. It looked as if this would give a boost to the opposition and help create an alternative to political dominance by Mr. Putin. Street protests in Moscow and a few other cities, primarily by the growing middle class, heightened expectations of change and structural reforms. Mr. Putin, however, was quick to react to the demand for changes, launching a publicized anti-corruption campaign and introducing some of the changes proposed by the opposition. Unfortunately, none of Mr. Putin’s political opponents were able to challenge him and gradually the opposition was discredited, mainly because of their own inability to connect with voters and also due to pointed campaigns in the state-controlled media.

The latest stand-off with the West over Ukraine has made Russia an international pariah. In the past few months the business community – both Western investors and local business people – has watched with alarm, fearful of industry-wide Western sanctions and a shut-down of access to Western financial institutions, as well as retaliatory measures which may be expected from the Putin government.

Despite this threat to business, support for President Putin has surged to record highs, including among local business people who stand to lose most from Western economic sanctions, as many Russians welcomed his tough stance on Crimea and swift action in taking it. However, even prior to the confrontation over Ukraine the Russian economy was slowing down. This and the increasingly assertive middle class presented a political challenge. Mr. Putin and his team were struggling to identify a theme that would consolidate society and be a political boost. In this respect, the “blitzkrieg” in the Crimea turned out to be exactly what was needed, propelling Mr. Putin’s popularity and approval ratings to unprecedented highs.

The price paid so far has been limited to insignificant sanctions against a small group of government officials and businessmen, plus a large neighbor whose people may be expected for decades to fume over the loss of territory. It remains to be seen what additional price Russia will pay economically if Western investors turn away. So far, many capital markets transactions in Russia have been put on hold, it has become difficult or more expensive for Russian companies to raise funds from Western banks, and access to certain high-end technology has been cut. Mr. Putin has publicly shown willingness to de-escalate tensions and refrained from threatening retaliatory sanctions, putting on a pragmatic hat. He signed a major deal to supply gas to China, in an effort to compensate for losses in trade with the West. The message to foreign investors has been that those who continue to expand their business in Russia, despite negative signals from their own governments, will be appreciated.

Despite the negative rhetoric in the media, most multinational companies are looking for ways to grow their Russian operations and locally it is business as usual. It may be expected that the economic slow-down and political tensions with the West will prompt the Russian government to focus on further structural reforms and rely on its own resources, as well as be more welcoming to those foreign investors who decide to invest in this uncertain environment. Russia may be expected to continue to cooperate with its European partners (to the extent they are willing), but will also increasingly try to diversify economic ties with China and other regions in Asia. At the same time, Russia is increasingly assertive of its interests and local businesses (including subsidiaries of multinational companies) are highly competitive and prepared to fight for their market share.

In general, Russia is a big, complex emerging market which may be quite profitable if developed in a sophisticated and focused way. Many multinational companies have been very successful in this market. The Russian government is continuing efforts to improve the legal environment, address corruption, and make doing business easier, and it may be expected to embark on several large infrastructure developments. All this offers opportunities for investors who are prepared to give priority to economic interests and not be overwhelmed by short-term political risks.

Our firm has been on this market for 25 years – longer than any other international law firm. We thought we had witnessed it all – the uncertainties and boom years of the 1990s, the crisis of 1998, the crisis of 2008, and now the threat of sanctions. However, we are still Russia’s largest international law firm, and we are confident that our people and experience will help us grow and navigate through the current uncertainties.

Sergei Voitishkin, CIS Managing Partner, Baker & McKenzie
Bad For Business: Western Sanctions Impact International Law Firms in Russia

The prospect and then the reality of the sanctions imposed on Russia by Europe and the United States have been the primary concern for the many law firms with offices in Moscow – both Russian and foreign – since the secession crisis began on the Crimean peninsula in late February. As the effect of the sanctions imposed by the West became real, and as the likelihood of additional sanctions loomed, anxieties deepened, and the prospect of military engagement in Eastern Ukraine raised those anxieties into even higher relief.

Conversations with Managing Partners at leading international and Russian firms reveal that the fears of the early spring appear to have calmed somewhat as a geo-political status quo has developed, and as the prospects of a Russian intervention into Eastern Ukraine have lessened. But to a man, each Russia expert we spoke to conceded that the subject remains front and center in their focus – and the primary concern of their clients.

Thus, the questions lawyers in Russia have become familiar with answering for the past three months – what’s happening with sanctions, what’s going to happen next, and how will they or might they effect my business – remain an unavoidable part of the daily routine. Nobody seems to think those questions will go away anytime soon.

A history of the recent events in the Crimea is provided on the longer version of this article found at www.ceelegalmatters.com.
Market Spotlight

Russia General Figures

- GDP: USD 2.5 million
- Inflation: 6.9%
- Population: 143.7 million
- Life expectancy at birth: 69 years
- Unemployment: 5.4%
- Percentage of Global M&A value in 2013: 17.2%

Source: International Monetary Fund, Russian Federal State Statistics Service, Tradingeconomics.com, World Bank, Mergermarket

Sanctions Are Felt – and Resisted

Subsequent to the mid-March imposition of sanctions, the Fitch and Standard & Poors ratings agencies downgraded Russia’s credit outlook, Russian banks warned of a sanctions-induced recession, and Russian government-bond issues plummeted by three-quarters compared with the same period the previous year. Novatek, Russia’s second-largest gas producer, was reported to have lost USD 2.5 billion in market value at one fell swoop out when its shares sank by nearly 10%. Business News Europe put the potential damage to the Russian economy as high as USD 400 billion. And on March 14, the Financial Times reported that Russian companies had started pulling billions of dollars out of Western banks to avoid any asset freeze. The anxious private equity specialists claim deal flow in Russia and Ukraine dropped by 42% in Q1 2014 compared to the preceding quarter – a stark contrast to the rest of CEE, where Q1 2014 deal flow reportedly reached a high point in volume terms in recent weeks, shows that’s certainly the general view of market participants. I think there is clearly a worry that events on the ground may not improve. And I think a lot of people are worried that – the way we had in Bosnia 20 years ago – the two sides are so completely polarized that it becomes impossible to get back to the status quo. But I think that the general view is that the likelihood of Russia sucked into all of that is much less than it was, and much less potential for actual conflict for Russia and Ukraine.

CEELM: Are clients responding positively to the current state of affairs?

Bill Reichert, Managing Partner, K&L Gates:

CEELM: Is it the “800 pound gorilla” still around?

B.R. Maybe the gorilla’s gone on a diet. Lost a little weight. Maybe down to 650 pounds or so? He’s still a big beast and he’s still in the room. It’s definitely still an issue – I think it has calmed a bit, but it’s still on the front of people’s minds. But whereas before it was a lot of posturing on both sides – now there’s been a sort of understanding as to where the line is in the sand. Both sides – Russia and the West – don’t want to push any further.

CEELM: Has anything changed?

Bill Reichert:

I think the short answer is “not really.” I think there’s still a great deal of uncertainty as to how events will unfold and therefore what implications it will have on the legal and business environment. I think the good news is that the perception is that Russia has decided to pull back from the brink and certainly no invasion of Ukraine is in the cards now, if ever, so there’s no real cause for great concern elsewhere than there was here. But maybe we are simply naïve here?

Market Spotlight

America and EU Impose Sanctions

As a result of Russia’s March 18, 2014 ac- cession of Crimea, Canada, the United States, and the European Union imposed various travel and economic sanctions against many members of the Russian-backed former Ukrainian government, as well as several mid-to-high-ranking Russian officials. In a second round of sanctions, the United States expanded the list to include a number of high-profile corporate entities such as Bank Rossiya and Cherno- moneftegaz (a Crimea-based gas company), InvestCapitalBank, and others. The Euro- pean Union, to date, has not taken a similar action.

A complete list of the individuals and cor- porate entities subject to sanctions is pro- vided on the longer version of this article found at www.ceeegalmatatters.com.

CEELM: How high was the level of anxiety in Russia after the sanctions were issued?

Bill Reichert:

CEELM: Regarding the Russian “pivot” to the East:

Traditionally there hasn’t been a whole lot of cross-investment between Russia and Asia, like there has been with Europe. And we’re trying to see if that will change. I sus- pect that it probably will, but these things don’t change overnight. If there is change it will probably transform over the course of a couple years.

CEELM: How high was the level of anxiety in the firm in earlier months?

I think everyone, for the most part, wheth- er through wishful thinking or naiveté, sort of assumed this would pass. And I think that’s true. If you read certain media stories in the West, and if you have no idea what Russia and Ukraine are really like, you may have a tendency to think the worst. So I oc- casionally would get calls from others in the firm wondering the extent of how bad the situation was in Moscow, while in reality it’s pretty much day to day here. That’s one ex- ample of where there was probably more in the firm wondering the extent of how bad the situation was in Moscow, while in reality it’s pretty much day to day here. That’s one example of where there was probably more concern elsewhere than there was here. But maybe we are simply naïve here?
document phase, so people are coming up with lots of additional requirements for documentation in terms of sanctions; warranties, compliance undertakings, all that sort of stuff, but it's more limited than I think people initially feared.

CEELM: Are you seeing increased business from Asia?

Yes we are, absolutely. We're seeing several prospective projects coming from that part of the world, so one thing we're working on at the moment for example which was announced several weeks ago was a bridge between Russia and China over the Amur River, which is very interesting, so we're seeing more and more on the infrastructure side, and there are port developments being looked at in the Russian Far East region, which would typically be structured as co-investments between Russian parties and parties from either Japan, Korea, or China.

CEELM: Was there genuine anxiety by Freiburg lawyers or was it primarily concern about the effect on day-to-day business?

Very much the last one. And obviously there was concern about who would put on the sanctions list and what form the sanctions would take, and of course there is still general concern about how long it will take to get things back to where it was, but...

CEELM: Are you hopeful for the next few months?

Much more hopeful than the last time we talked. The immediate clamor of clients around sanctions has receded significantly, so to that extent it's become almost part of the ordinary course, it's just one of those boxes we tick.

Edwin Tham, Partner, Allen & Overy:

CEELM: Is the effect of the sanctions more clear now, or is it still somewhat up in the air?

I think businesses are much more sanguine about the sanctions. Those which have been imposed so far have had little impact and it appears that there is little appetite among most EU countries to add to these. The fact that presidential elections in Ukraine have taken place and Russia has said that it is prepared to work with Porooshenko will make businesses more confident that things will return to normal. Also, the fact that Russia succeeded in concluding several landmark deals with China seems to suggest that Russia is not as isolated as hard liners in some Western governments would like to believe. The Russian stock market and ruble have strengthened over the past few weeks and the Central Bank has announced that capital flight slowed down - all of which are positive signs of returning confidence.

CEELM: How has Allen & Overy’s business in Russia been impacted?

Capital markets activity is down significantly but our core banking and corporate practices do not seem to have been significantly affected. Business is down slightly from the first quarter but still higher that at the same time last year.

CEELM: How do you expect things to play out in the months to come?

I’m pretty confident that it will be back to business as usual by the end of the summer. Now that Ukraine has a new president he will need to get on with the difficult job of resuming the economy. That won’t be possible without unless he agrees some sort of modus vivendi with Russia. Asian - and in particular Chinese - investors seem happy to do business with Russia and this will underpin, for European businesses especially, that it doesn’t make sense to disen-gage from the Russian market. Crimea will remain an open sore but will eventually settle down into another “frozen conflict” in the former Soviet space.

Sergei Voitsitskin, Managing Partner CIS, Baker & McKenzie:

CEELM: The issue of sanctions remains quite a hot topic in Russia since they were first imposed. However, the extent to which foreign investors will curb their activities in Russia as a result of the worsening of relations between Russia and Western countries is still unclear. We will have a better picture in 3 to 6 months.

CEELM: How has Baker & McKenzie’s business in Russian been impacted?

There is still a “wait-and-see” feeling. The sanctions that have officially been imposed are unlikely to have any material effect. However, the extent to which foreign investors will curtail their activities in Russia as a result of the worsening of relations between Russia and Western countries is still unclear. We will have a better picture in 3 to 6 months.

CEELM: How do you expect things to play out in the months to come?

I expect work levels to remain flat - as investors consider their strategies in Russia. Those companies with large business in Russia may be expected to carry on as has been the case in the last three years. We don’t anticipate any major new in-bound investments or acquisitions in the short-term. However, large M&A deals between Russian clients may well be expected. We have not seen any down-sizing of mid-market deals, particularly joint ventures. We also anticipate more deals involving Chinese companies.

Overall, I expect the Russian government to be more “friendly” towards investors who continue to invest in Russia. In the last few days, the official rhetoric has been too play down the tensions and emphasize that it is business as usual.

Sergey Yuryev, Partner, CMS Russia:

CEELM: How do you expect things to play out in the months to come?

As noted, the further development of the sanction regime will largely depend on further development of the situation in Ukraine and particularly the possible federalization of the territory of Eastern Ukraine. The Russian Government did not take any active steps to join such territory to Russia (due to various political and economic reasons) despite numerous requests from within the territory. Currently, the Ukrainian Government has announced a military operation in that region leading to the increasing number of human casualties, so Russian authorities are facing serious political and humanitarian pressures that may lead to various actions by the Russian Government. If such steps are not coordinated and agreed with the EU and the US, new sanctions will be imminent.

Mikhail Kazantsev, Partner, Egorov Puginsky Afanasiev & Partners:

CEELM: How do you expect things to play out in the months to come?

It's difficult to say as this is not the legal issue and more on the side of the politics. We closely monitor the situation and have a plan for multiple scenarios.

FINAL NOTE: Thank you also to Dentons Partner Doen Stueck, Morgan Lewis Partner Brian Zimbali, and Luthers Partner Matthew Keats for their assistance in preparing this article.

David Stuecky

Mikhail Kazantsev, Partner, Egorov Puginsky Afanasiev & Partners:

CEELM: Is the issue of sanctions still something everyone’s talking about, or has it died down in recent weeks?

It is still a hot topic. But now, as most of the people understand the consequences of the presently enacted sanctions, everybody is waiting what will happen next – either a cancellation of sanctions as a result of the Ukrainian elections or a new wave of sanctions if Russia will not accept the legality of elections.

Most of the parties affected by the sanctions already received advice from their US counsel. Although the problem is that OFAC did not clarify some controversial points as to how the sanctions should apply. Most of the interested parties are still waiting for official OFAC clarification.

CEELM: How has Egorov Puginsky Afanasiev & Partners’ business been impacted?

The amount of work increased due to the fact that our firm picked some of the work that was previously done by foreign law firms. Russian companies that do not trust foreign law firms even though those companies are not on the sanctions list at the moment. The risk being that if the companies will be put on the sanctions list they will immediately lose legal support.

CEELM: How do you expect things to play out in the months to come?

It’s difficult to say as this is not the legal issue and more on the side of the politics. We closely monitor the situation and have a plan for multiple scenarios.
CEELM: To start, please tell our readers a bit about yourself and your back- ground leading up to your role with Danfoss Russia.

A.K.: After graduating from the Interna- tional Law Faculty of the Moscow Institute of International Law and Economy named after A.S. Griboedov, I worked in different companies gradually ‘growing up’ from the role of a sole lawyer, to a senior lawyer, then to a Deputy Head of Legal Depart- ment. The support of daily activity in vari- ous areas of business gave me a solid foun- dation of the legal profession.

Finally, in 2012 I applied for a position of Head of Legal Department at Danfoss Russia, the Russian subsidiary of the Danf- oss Group, the world leader in the manu- facturing of energy and heating solutions, after A.S. Griboedov, I worked in different
corporations and positions.

CEELM: According to Danfoss’ web- site, the company “is recognised as a global trendsetter. We passionately push boundaries on results and reputa- tion.” How would you say that this attitude is reflected within your in-house legal team?

A.K.: My team always tries to succeed in any our projects, is always going to be serviced better by a lawyer who understands not just the law but also the technology, and, importantly, the business behind a contract.

CEELM: From a regulatory stand- point, what would you identify the main recent or upcoming pieces of legisla- tion that will impact your business?

A.K.: We are aligned with both Russian legislation and foreign applicable laws such as FCPA and Bribery Act. Moreover, we are an ethical company and do our best to prevent possible unethical steps, which can be made by our employees, as well as the breadth of our Code of Conduct by sup- pliers, contractors and service providers. Constantly changing Russian legislation gives many challenges and promises much more in the future, but we know how to deal with them.

CEELM: Since you mentioned con- stantly changing legislation in your ju- risdiction, what are the main resources you use to keep track of them? Do you follow direct sources from relevant reg- ulatory bodies, attend seminars, read up on legal academic journals, interact with regulatory bodies directly, use ex- ternal counsel, etc?

A.K.: We do our best to use all sources you noted, but we prefer to attend seminars which open the floor to speeches of the regulatory bodies’ officers.

CEELM: Looking back at your career, if you could go back to give one piece of advice to yourself fresh out of law school, what would it be?

A.K.: If that young guy, full of his own im- pressions and expectations, listened to me, I would advise him to risk more in looking for the job of his dreams. Who knows, I might have held this position much ear- lier…

Market Spotlight

Interview: Dmitry Popov

Vice President Legal & Compliance for Russia at ABB

D.P.: My background is in fact a technical one with the first university I attended fo- cusing on engineering. I did start studying for my law degree in parallel with the first one, which led me to graduating from both universities in 1997. My very first job in the legal world was in the Prosecutor’s Office but I found early on that it was much more interesting to work on civil cases rather than in criminal law, which I personally hate but which was almost mandatory for a career the then. I then decided to leave the office and started working with a very small law firm. I soon realized what a great asset my dual qualification represented. My technical background helped me understand tech- nically complicated contracts, meaning I could support my clients much better. A telecommunications company, for exam- ple, is always going to be serviced better by a lawyer who understands not just the law but also the technology, and, importantly, the core business behind a contract.

Later on, I started my own small law prac- tice in Nizhny Novgorod – a city where I was living at the time. I then came to the conclusion that all the interesting law work is really done in Moscow so I decided to relocate the city, where I worked for a large European company for 5 years. Within it, I
“I see two types of General Counsel: there is the “9 to 6 GC”, who really only acts as a communication tool between external counsel and the Board, and the “real GCs,” who take advice and handle problems themselves.”

In 2010, when the crisis hit firms, I realized that my dream of becoming a partner within 3 years of joining the firm might be a bit of a stretch, not because the firm was hurting necessarily, but because the capacity to assimilate more lawyers within the partnership ranks at the time did not look so evident. As a result, I accepted an offer from ABB to join the company — though I do not exclude the possibility of returning to the firm as a partner one day [laughs]. I was also attracted by the idea of joining ABB because I knew they had very good Contracts and Corporate departments — but such important [for a large-industry company] areas as antitrust, regulatory (including customs and tax), IP, and litigation were not covered at the level which I believed sufficient. In light of my specialization with Baker, I thought those would be gaps I could definitely plug into and take upon myself the challenge of building up.

In fact, looking back, I take pride in the very professional support from ABB consultants I understood that now in Russia we have a new generation of lawyers who are highly professional in their core law areas.

**CEELM:** You have worked both in-house and spent a considerable time in private practice — which do you prefer and why?

**D.P.:** I would say they are two very different worlds but that I find both to be quite interesting. I would say that one of the main differences is that, as an external consultant, you are most often able to only give advice as to a solution. It is rare that an external lawyer would be allowed in the actual business side of implementing a solution, and it would require a long relationship to establish a strong level of trust before that could happen. I will say, it is also up to the attorney in the General Counsel to get involved if he/she wants to be a part of the actual implementation. By that I mean to say that I see two types of General Counsel: there is the “9 to 6 GC,” who really only acts as a communication tool between external counsel and the Board, and the “real GCs” who take advice and handle problems themselves.

**CEELM:** When you used to work as a Senior Associate, what practice area(s) did you specialize in? Does that specialization help you directly in your current role?

**D.P.:** The reality is that for a General Counsel to be effective, he/she needs to understand all the legal spheres related to his/her business from real estate to IP to antitrust, tax, etc. I personally used to specialize primarily in antitrust as well as corporate law but that does not mean that I never externalize this type of work. Even if I feel that the greater part of my team is “fluent” in antitrust issues, which is mandatory with all my lawyers, I still would sometimes, for example, invite external lawyers to sit down with my team and update us on some of the recent updates taking place in relevant legislation — and in Russia, there often quite a few of them. There is also the element of building up internal cases — a sort of “externally-powered internal legitimacy” provided by the expert opinion of an outside consultant.

**CEELM:** Since we mentioned external counsel, when do you decide to outsource legal work, what are the main criteria you use in choosing law firms?

**D.P.:** It really does depend considerably on the transaction. If I have a specific question I need to know a lot of good lawyers and I am referring here to specific individuals, irrespective of the colors of their brand — in Russia and would know who is best to approach for this.

If I had to pick one criteria, I value a law firm that “monitors” what we do on a regular basis as a business. For example, now that we are building a new plant, when we look for external counsel for a specific real estate matter, it was important for us that the counsel knows already how we work and how we like things done — in terms of internal processes and such. This saves both time and money as we waste neither on answering questions and clarifying what we need and how we need it, although “long term relations” is never the main criteria for.

And if I have a complex project which may involve several areas of law, I choose between law firms who are strong in all those areas, and in this case the “best individual professional” approach does not play a main role.

**CEELM:** What are your main sources of information about the capabilities of any specific law firm: Law firm websites, legal directories, network/references, direct contacts, their track records?

**D.P.:** There are two main ways in which I developed when I realized I was slowly becoming overly-dependent on a handful of lawyers. The firm is attending big conferences of law firms since it gives me a great opportunity to further update my knowledge and to assess that of the external counsel I am listening to (as well as assessing his business acuity).

The other can simply be summed up as “GCs network.” Granted, we interact considerably less than external counsel who get to meet regularly (even across each other at a table in a deal or in courts), but we do nevertheless. I’ve even exchanged best practices on how to handle various regulatory bodies with a direct competitor so exchanging impressions/references on external counsel is definitely a useful tool. Disclaimer: in full compliance with antitrust law, nothing to deal with the disclosure of the commercially sensitive information [laughs].

**CEELM:** How does a regular day in the office look like for you? What takes up the most time of your day?

**D.P.:** Two broad things end up taking up the greatest part of my day: The first is managing the legal department to make sure it runs smoothly and in an organized manner. I have a full staff of 18 (we include in the legal team other technical staff such as architects or contract managers), their daily tasks and long term projects, their interactions with other business units, and so on. It also means working constantly to streamline processes which involve the legal team so as to eliminate unnecessary red tape to ensure the legal team operates as a facilitator, rather than a “sales prevention team” for the overall business. The second aspect is hard to describe more specifically than simply calling it “general business troubleshooting.” Things always come up and reacting to them on the spot means distractions from other projects and a lot of time invested in them.

**CEELM:** On a lighter note, what is your favorite item in your office and why?  

**D.P.:** I have a small model car — a Jaguar XK — which is my favorite car in the world. Obvi- ously, I hope to one day own the car itself, not just a model of it. My team members’ favorite item, however, is my table hockey. We actually have a legal department tournament twice a year. The prize is obviously something small, such as show tickets, but they all love it and it is an excellent team builder.

Anna Gritsevskaya
Legal Director Russia at PPF Life Insurance

**CEELM:** To start, please tell us a bit about yourself and your career leading up to your role with PPF Life Insurance

**A.G.:** I was born in Moscow and graduated from the Moscow State University Law Department. To tell you the truth, I never wanted to work as a lawyer and saw myself as a future law scholar. I was strongly encouraged by my professors to devote myself to legal science. However, the times were tough in Russia in early 90s, so I started working in a corporate rather than academic environment. Completely by accident I joined a Russian insurance company in 1995 and have been in the insurance industry ever since.

**CEELM:** Your current role is that of Legal Director for Russia. In your own words, how would you define the role of a Legal Director General Counsel?

**A.G.:** Perhaps, my role is best described by the name of my position [smiles]. I do counseling. I advise the company’s management and the employees on most complicated and tricky legal issues. In other words, I am responsible for the peace of mind of daily business operations. But I am also a manager myself and, as such, I have to organize the work of my department and supervise many insurance matters including product design, claims handling, and litigation. Corporate, employment, and various other general legal issues come on top.

Anna Gritsevskaya at the Legal Director for Russia at PPF Life Insurance (formerly General PFI). She has spent over 11 years in the Insurance sector, holding Head of Legal and Compliance positions in a number of foreign-owned insurance companies in Russia including Allianz, Axa, Fortis, and General PFI.

Radu Cotarcea
CEELM: You have been working in the Finance sector for over 11 years in senior in-house roles. What excites you about the industry? The most?

A.G.: As I said, it was by accident that I started working in insurance. But I have never regretted it. Insurance is a service industry, where the client is always right. As a result, I have the challenging task of keeping the balance between the need to satisfy the client to the maximum possible extent and the need to protect the interests of my company. At the same time, the legal framework for insurance in Russia is rather general, so insurance lawyers often have to make decisions with little or no guidance at all. It means responsibility but it also drives this a lot!

CEELM: It is necessary but then it is a crisis and everybody should mobilize.

A.G.: I believe this is not a matter of where you work, it is a matter of how you work. It depends on the person’s ability to manage his or her time properly. My day is always planned ahead. I try to spend my working hours on work-related matters only and encourage and train my staff to organize their time in the same way. I do not believe in long hours at the office. Certainly, I do not believe in long hours at the office desk. I do not believe in long hours at the office. I do not believe in long hours at the office desk.

CEELM: Does this day look like for you as the Head of Legal of an insurance business in Russia? What takes up the most of your time in the office? The most?

I.N.: I do think that part of it is the economic reality, indeed, the economic climate in Russia and globally. But I think it is more a matter of efficiency than anything else. Technology for example, has greatly in-
there is no business without any risk. waist risks. A lawyer needs to learn quick better than risk breaks.

you convey your logic, not just the request, and systems. Incrementers, finance teams, etc).

cating effectively with your colleagues as Groupon. time on complex and non-standard deals – review. We then really only need to spend

it means a lot less time spent on contract our sales force can simply use helps a lot as

resulting from the fact that the Russian market is still very big on having a paper trial. Even having pre-reviewed templates

market is still very big on having a paper electronic signatures of documents. One year

headquarters, we have switched to elec-

For example, based on input from our US

creased the work capacity of smaller teams than it was feasible to provide in the past.

eternal counsel. If I feel at any point that an

acquire the full company, over 200 deals

pushed my professional limits, and I take pride in having managed it successfully.

what would it be?

side, if you had to point to one regret, I

In the second world where no one pays for billing you end up having to navigate using principles,

When it was privatized, shares of a plant

what is your role, exactly, in Dentons? Does being an expat in the Moscow office involve different re-

D.D.: I was head of the Denton Wilde Sapte/SNR Denton Moscow office for twelve years. That is about the maximum that anyone should do a senior role – one of the lessons of Margaret Thatcher and John Brown's experiences is to move on while the going is good. I have to admit that it is a great relief to no longer to be re-

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In a world where no one pays for billing

expect an external coun-

of the fees we can expect as reasonably possibly. Of course, aspects will come up that will bump up the price tag from the

original estimates, but we need those to be communicat-

ized in due time, and explained, not surprised by them when we receive the invoice. CEEELM: Looking back at your career, what are you most proud of? On the flip side, if you had to point to one regret, what would it be?

I.N.: For me it is very important that we un-

nion. I am very demanding with regards to my ex-

I feel at any point that an external counsel

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What is your role, exactly, in Dentons? Does being an expat in the Moscow office involve different responsibilities than the Russian partners have?

D.D.: I was head of the Denton Wilde Sapte/SNR Denton Moscow office for twelve years. That is about the maximum that anyone should do a senior role – one of the lessons of Margaret Thatcher and John Brown's experiences is to move on while the going is good. I have to admit that it is a great relief to no longer to be responsible for management issues – such as overseeing budgets and other partners' performances – and I am having a great time in the new combined Dentons. An important part of my current role is on the integration of the two Moscow offices resulting from the combination of the SNR Denton and Salans practices in Russia. This has proved to be much smoother than I had anticipated. The partners are delightful and we all have a lot in common, not least our aspirations for our firm and office. We now have the largest international law firm presence in Russia, including the St Petersburg office, and the most extensive network of offices in the CIS.

Another part of my job is to boost the development of the oil and gas practice. I was well known as an oil and gas practitioner in London before I came to Russia and developed a similar reputation when I was here with A&O in the '90s. I returned to Lon-

den after the Russian crash in 1998, and joined what was then Denton Hall to become more focused on pure energy work – in that field, the firm was then streets ahead of any other firm. It had an extraordinary roster of partners who were energy lawyers recognized by the legal directories – and I took my place among them. After the ex-

perience of A&O, which as a firm was so focused on finance, it was great to be back in the energy sector, and at the highest level. Dentons did not hire me to be a Russia

Doran Doeh is a Partner in Denton's Moscow office and a member of the firm's global Energy practice. He has been working in and with Russia since 1991, first with Allen & Overy, where he was the Managing Partner in Moscow for many years, then since 1998 with Dentons, and in its previous iterations (Denton Hall, Denton Wilde Sapte, SNR Denton), he also served as Managing Partner in Moscow. Doeh is a well-established and widely recognized Energy/Natural Resources expert in Russia, and he is commonly listed among the prominent practitioners in the market. A longer version of his interview is available on the CEE Legal Matters website.

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At the time North Sea oil was emerging and often featured in the press. So, I found myself a job in the North Sea oil industry. I joined Burnham Oil (North Sea) Limited virtually on the day that it was announced that it would be taken over by The British National Oil Corporation (BNOC). Most importantly for my long term future, BNOC was at the centre of development of the legal documentation that underlay the workings of the North Sea oil industry, and over time these forms became global standards for the industry as a whole. I en-

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lation, and they invited me to join the team of three that advised the whole firm on the FSA. It is amazing how much you learn about an industry when doing the regulato-

ry side of it – what people are supposed to do, what they are not supposed to do, how they do both kinds of activity and what can happen when they transgress. I dealt with banking, as well as financial services, regu-

lation – all in addition to my work as an oil and gas lawyer.

A&O started their Central and Eastern Europe practice after the Berlin Wall came down in 1989 … I was part of the team that set up the firm's office in Moscow in 1993 and, for my effort, was appointed head of the office in 1995 – which is how I ended up in Russia.

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specialist, but when there were problems with the Moscow office in the early ‘90s, they asked me to go back to Russia on a temporary basis to head up the office. As they say, there is nothing so permanent as the temporary, as I found out. I took the view, based on my earlier experience, that to build a viable office we needed much more than just an oil and gas offering and put my back into developing the banking and finance practice. Banking transactions were never my mainstream work, but I had to cope with a few of them at A&O! My earlier experience as a financial services and banking regulatory lawyer (plus a long-term interest in finance from my PPE days) enabled me to “walk the walk and talk the talk” with bankers.

Today, as part of the much larger combined Dentons office, I leave the banking partners to get on with their practice and I have reverted back to my original role as an oil and gas partner. I am delighted to say that this is really going well. I have attracted a good volume of work, including some very interesting, cutting edge and challenging deals.

As an expat and experienced oil and gas practitioner working with a large team of energetic and ambitious younger partners whose practices focus on other areas, I am often called in to deal with matters where my specialist skills are needed. This applies not only to my Russian colleagues – but also to the American, French and German partners as well – and an important part of my offering is not just oil and gas expertise but also my background as a London practitioner. English law has become the currency of international legal business in a way similar to that of the US dollar in international financial affairs, and having a senior practitioner such as myself on board provides a degree of assurance to clients.

CEELM: What were the main challenges you faced when starting to work in Russia, and are those the same challenges you face today?

D.D.: When I first started working in Russia, it was almost impossible to find locally qualified people who could function effectively in an international law firm. There were very few Russian lawyers who could speak English fluently and of those who could, even fewer had the grasp of commercial and financial affairs at the sophistication level that was needed. To build an office, we had to hire the best people we could find and closely supervise their work. Finding the best talent was difficult – the recruitment agents who do this as a matter of course nowadays were non-existent at the time – and, given that they were coming from such a different background, managing them was tricky. “Never assume” was a good rule of thumb, but to do that you had to work out what your assumptions were, and that was not easy in a country where the normal ways of conducting business were so completely different to those in the western world. In addition, it was important to get to grips with Russian law.

To make the situation even worse, in the early days Russian law itself was inaccessible. When I first came to Russia, there was no standard system of publication of the laws, and many of them would just appear in the newspapers. I used to go around with a Russian lawyer on our team who, whenever he met another Russian lawyer, would offer to exchange copies of newspaper clippings. Fortunately, the new Russian constitution provided that the laws are not valid until published, and this required the Russian government to establish a system for publication of laws. Because old-fashioned printing of publications was so problematic in Russia, the systems normally used in the West were soon superseded by state-of-the-art electronic databases that became very sophisticated. It was then a relatively short step for the providers to publish translations of the main laws – otherwise getting translations, which were essential for a law firm in order to prepare legal work of the quality required, would have been a major problem.

There was also the problem that the legal system was almost totally unsuitable for late 20th century business – the Fundamental Principles of Civil Legislation of the Soviet Union was a nightmare to deal with – and often laws were mutually contradictory or had very significant gaps. Over time, this was remedied by a complete overhaul of Russian law.

Fortunately, all the international firms had similar problems and there was a degree of camaraderie and mutual assistance between competitors in Moscow that would have been unthinkable anywhere else.

The situation now is totally different and unrecognizable from what it was in the early 90s. Russian law has been very effectively revised and modernized based on German, Netherlands and Swiss precedents. There are now lawyers at all levels of seniority who have been developed by the international law firms. In addition, lawyers in some leading local firms have picked up know-how from international firms and are able to produce work in certain practice areas to the necessary standard. So the legal scene in Moscow is becoming much more what one would expect in the capital of a big country, with a mixture of local and international firms in the market. University students now graduate having learned the basics which enables the firms to train them up in a way that was inconceivable 20 years ago.

CEELM: In general terms, how do you think the lawyers in Russia compare with those in the more established legal markets of the UK or US? Have you seen improvement in the market since you arrived? Are there particular areas they need to improve even more?

D.D.: My colleagues are all excellent lawyers and very commercial in their approach, so I don’t have the problems that I hear about from other people. As I said before, there has been a vast improvement over the past 20 or so years – like night and day – although it is possible that our firm has been more effective at developing our people than some of the others.

Where there is room generally for improvement is simply in Russian lawyers having more confidence in themselves – there is a tendency to think foreigners do things better. It is true that the English legal profession has the advantage that their law is the default choice for international transactions, but that does not mean they are necessarily better lawyers, cleverer or more appreciative of client needs. Top Russian lawyers in international practice (and I include in this partners in the top local firms) can hold their own with anyone.

Probably what is needed is a sense of esprit de corps, of being part of a profession. That is held back by the fact that, apart from advocates, the legal profession is unregulated in Russia. There have been government efforts to establish a regulated profession, but there has been strong resistance from the leading private practitioners. I can understand the reasons for this and would not seek to impose something that so many distinguished lawyers think is inadvisable in their country.
Experts Review: Privatizations and PPP/Infrastructure
The definition of “Privatization” is, simply, the transfer of a company or organization from government to private ownership and control. But of course in practice it’s rarely simple, and the complicated process often results in charges of incompetence or misjudgment, accusations of corrupt insider trading, and multiple other challenges.

Our Expert Review feature for this issue focuses on Privatization across CEE. In those jurisdictions where privatization is not a current concern our experts turn to the subject of PPP instead, as it involves many similar issues and opportunities.

The articles are presented in this issue in the order of the countries' military and paramilitary personnel per thousand people, as of 2009. Thus the article from Belarus, which had the highest number of military and paramilitary personnel per thousand people that year out of the countries included (49) comes first, with Greece (42.7) coming second, and Serbia (29.3) coming third. Macedonia's numbers for 2009 were not available, so its article comes last – just after that of the Czech Republic, which had the fewest people per thousand (2.8) in the military or paramilitary service of those listed and participating.

Belarus

Privatization in Belarus: A faint wind of change

Belarus is one of those countries, where a good part of key industrial assets still belongs to the state. Changes in regulations on privatization introduced within past two years were aimed at making the procedures more flexible and investor-friendly. What are the outcomes?

Nowadays an interested investor may choose one of the following ways to acquire a stake in a state-owned enterprise.

First, the investor can become a shareholder in an enterprise in the process of being transformed into a joint-stock company. Transformation is required as the legal form of state-owned companies is a unitary enterprise (a rudimentary form from Soviet times) which has no shares to be traded. A prospective investor should wait for contests to be organized by the State Property Committee. From time to time the Committee publishes announcements about certain major enterprises on its official website (www.gki.gov.by).

Mass transformation of state enterprises has been under way for several years now in accordance with three-year plans approved by the Belarusian President. The current plan for 2014-2016 will most likely include around 40 unitary enterprises.

Second, an investor can participate in a privatization contest or auction at which state-owned shares are offered. The procedures for acquiring shares through contest and auction are very similar. The difference is that in an auction the only criteria for determining the winner is the acquisition price, while in a contest the conditions include certain additional investment commitments to be undertaken by the acquirer.

Third, investors can acquire additionally-issued shares of transformed enterprises, injecting capital in the company and diluting the state as a shareholder. Quite a few potential acquirers are interested in this option as it implies investment straight into the enterprise rather than transferring the purchase price to the Belarus state budget. One should bear in mind, however, that in this case local municipal authorities may have a pre-emptive right to buy additionally-issued shares.

In early 2012 President Lukashenka cancelled ineffective privatization plans and declared a new privatization strategy which may be summarized as follows: if we have an enterprise and an investor is interested, the deal must be negotiated and closed if the state finds it beneficial. The new concept caused some confusion among the authorities involved, as well as investors and advisors, so that for about a year and a half no deals took place.

Finally, the legal framework was adjusted, the State Property Committee started to publish lists of potential targets, and the new algorithm to be used by potential investors may now be briefly described as follows:

A prospective acquirer may either find a privatization target on the list published by the State Property Committee or pick a target of its own accord and send an expression of interest to the government; the tender for which is available on the State Property Committee website. Additionally, the Committee itself sometimes announces a “study of interest” in a particular enterprise. In these cases, the Committee posts information on the privatization target and sets a deadline for sending expressions of interest.

Upon receiving an expression of interest a special commission within the Committee considers it and sends a draft decision on privatization to the President of Belarus. Upon approval by the President, a privatization contest or auction should be announced. Therefore, by expressing interest, the investor initiates the procedure for selecting the best buyer of the shares, and later finds itself bidding along with other prospective investors. Announcements on contests and auctions are also published in the printed media and on the State Property Committee website.

One should note that there is no specific timeframe for this procedure. Naturally, this causes considerable uncertainty since an investor cannot know for sure when exactly the target will be available for privatization. This in turn may lead to fading of previously expressed interest.

Unlike other economies in the region in their time, Belarus is not likely to commence mass privatization, at least in the near future. However, we may see some transactions completed even in 2014. The year has already marked its first transaction: the sale of 99.5% shares in BELGIPS to Russia’s Volma Corporation. The largest transactions expected to be signed soon are the sale of Mozyr Oil Refinery shares to Russia’s Rosneft and sale of a stake in Grodno-Avor, a large fertilizer producer, the contest for which was announced recently. In addition, in summer 2014 we expect several contests to take place within the framework of the “pilot privatization” program administered by the National Agency of Investment and Privatization under the auspices of the World Bank, covering eight companies from various sectors (e.g., food & drink, road construction, production of medical devices).

Maksim Salatub, Partner, and Nadezhda Fomenok, Legal Assistant, Sorainen

Greece

Greek banks: From private ownership to public and back in less than … 14 months!

Greek banks have successfully attracted substantial private investment and diluted public ownership, only a few months after their recapitalization and ensuing de facto nationalization.

Although historically conservative and well-capitalized, the aftermath of the Lehman crisis and the ensuing Greek sovereign debt crisis took its toll on Greek banks: (a) depositors feared a potential exit from the Eurozone (Grexit) and the possibility of bank insolvency and about one third of deposits were withdrawn from Greece, thereby draining the Greek banking system’s liquidity; (b) non-performing loans (NPLs) and related provisioning needs spiked; (c) deterioration of Greece’s sovereign creditworthiness led to a deterioration of banks’ creditworthiness and capital markets borrowing closed; (d) the Balkans and other countries where Greek banks have substantially reduced their exposure.

Maksim Salatub, Partner, and Nadezhda Fomenok, Legal Assistant, Sorainen
banks had operations (such as Egypt, Ukraine, Albania etc.) experienced similar recessions in the 1980s and 1990s, including high inflation, currency crises, and depressed economies. The Greek crisis has been both a political and economic crisis, with the Greek government in default on its debt and the increase in NPLs adversely affected capital ratios. To sum up, Greek banks were a threat to systemic stability and in dire need of recapitalization, and radical measures were therefore implemented.

The Hellenic Financial Stability Fund (HFSF) was created in order to supervise the recapitalization and expropriation of the loss-making sector and manage the holding of banking shares. HFSF was funded with EUR 30 billion.

The Bank of Greece (BoG) did not allow the default of any Greek bank on its deposit obligations and enforced an aggressive consoli- dation agenda whereby BCRB and FGCRB were eventually sold to other stronger banks. International banks that de- cided to exit the Greek market recapitalized and subsequently sold their Greek banking operations (typically for negative consideration). To-date, only four large banks and two smaller banks have survived.

To address investors’ mistrust on NPL formation and provisioning, BoG engaged Blackrock Solutions to conduct an independent review. Blackrock concluded its work in December 2012 and predicted NPL total losses of approximately EUR 31 billion for the next 3 years.

The first recapitalization took place between April and July 2013, af- ter the Greek government’s completion of the conclusion of Blackrock’s review. HFSF contributed EUR 25.5 billion and ended up holding 81% to 95% of the total capital of all banks while the private sector contributed EUR 3.1 billion.

Under the recapitalization law, if: (i) the private sector contributed at least 10% of the total recapitalization amount necessary; and (ii) the bank complied with its restructuring plan, HFSF would not be entitled to elect a bank’s board of directors and its management and would only exercise veto rights. Accordingly, Piraeus, Alpha, and NBG’s in- cumbent private management was retained and only Eurobank’s man- agement was replaced (given the absence of private sector contribu- tions).

As an additional incentive, all private investors that participated in the recapitalization took over banks with the allocated free warrants, a listed security granting a call option with a 4.5-year duration on HFSF’s shares at the original issue price (plus interest).

After the completion of the first recapitalization, market conditions started to improve, international markets became optimistic, political instability and the Greek default subsided, and investors began returning, to Greece. BoG commissioned a second review by Blackrock, which was released in early March 2014 and depicted a more positive outlook for Greece. BoG commissioned a second review by Blackrock, which was released in early March 2014 and depicted a more positive outlook for Greece.

Inflation in Serbia began in 1989 with the major social and economic reforms introduced by Ante Markovic, the last Prime Minister of former Yugoslavia. Despite Serbian authorities harsh- ness and the fact that Markovic’s privatiza- tion program as an impermissible sale of socially-owned property (a form of expropriation) was not even a legal requirement, some countries, not quite equal to publicly-owned property as the state’s role in the market of goods and services was nulled the effects of the privatization and the percentage of private capital in companies was decimated.

In 1991 Serbia enacted a law on transformation of ownership with internal increase of the capital of socially-owned companies by employees with discounts and repayment from workers’ salaries in multi-annual installments. This concept was painless for the government and did not endanger established social relationships. The law de facto halted Maricovic’s program of privatization, but when the country was thrown by wars and UN sanctions, inflation was high – with inflation reaching thousands of billions of percentage points by the end of 1993 – companies for which revaluation was carried out, were privatized under law, and the shares were paid by employees from profits. When Serbia brought inflation down to 0% in January 1994, payment for shares ceased and the privatization process was halted. The subsequent law on recalculation of paid shares almost nullified the effects of the privatization and the percentage of private capital in companies was decimated.

Note: An expanded version of this article, with additional information, can be found on the CEE Legal Matters website.
malovikh and the concentration of key business assets in the hands of the President, his family, and other close associates.

The privatization processes during this period were mostly unfair, unclear, and hastily conducted. The most prominent case was the privatization of the Ukrainian telecommunications giant Ukrtelecom. Notably, the process was restricted to those companies in which a state had more than a 25% stake and those companies which already had a substantial share in the Ukrainian telecommunications market. As a result, the company was sold to the only participant – the Aus-
trian company EPIC – that then indirectly re-sold Ukrtelecom to the oligarch supporting the former President.

The expected result of privatization for the State is an additional boost to the budget, and the benefits to the privatization object include development and modernization. By signing a privatization sale-pur-
chase contract the purchaser undertakes to preserve the main activity and, if necessary, to settle any debts of the company, to ensure social guarantees of the employees, etc. Grounds for the termination of such contracts include non-pay-
ment of the purchase price within 60 days following execution of the agreement, non-execution or improper execution of the privatization conditions for the development of the privatization object, and non-
fulfillment of contractual obligations due to insolvency of the owner or the purchaser.

Ukraine is now facing difficult economic and financial times due to the annexation of Crimea and unrest in the East of Ukraine fueled by the hostile actions of Russia. According to information from the official web-site of ESPP there are 356 companies in which Ukraine holds stakes of different sizes. Privatization of State-owned objects may serve as a good source of budget revenues. Privatizations of many small and middle-size objects connected to a num-
ber of large strategic state-owned companies are expecting their turn to be sold to potential investors. Among them are the Odessa pre-
port plant, a huge machine-building complex in Mariupol (Azovmash), a chemical giant in Sumy (Sumykhimprom), the Kharkiv turbocham-
machin, producer Turboatom, and others. Large-scale privatization (in-
cluding privatization of coal mines) is among the IMF’s demands to Ukraine in exchange for substantial financial support to our country.

Electiction of the New President of Ukraine, as well as the shift in for-
gone policy of Ukraine from Russia to the EU, brings a hope that for-
egone and national investors will find Ukrainian State-owned objects attractive and will participate in fair and competitive privatization pro-
cesses in Ukraine for the mutual benefit of all parties.

Challenges of Privatization

It has been almost 25 since the privatization program in Poland is launched. However, despite the length of the period the process is still ongoing. And it also looks like we will be involved in privatization and post-privatiza-
tion transactions for many years to come.

In Poland there still are 24 State-owned enterprises, 172 compa-
nies in which the State Treasury holds a majority stake. But the number of entities to be privatized is not the only reason why the legal and non-legal aspects of privatization are and will remain so crucial to transactional attorneys. Instead, the many elements of the Polish privatization and post-privatization process are so diverse and challenging that in Poland some say that you have not lived as an M&A lawyer if you have never done a privatization or post-privatiza-
tion transaction.

There are several reasons for this, most of which relate especially to post-privatization transactions. Whatever the reason, being a tra-
sactional lawyer requires some experience with privatization pro-
cesses.

One reason which deserves special attention is the participation of employees in the privatization process (a right ensured by Polish law). This also applies to farmers and fishermen as suppliers in cases of re-
structuring and challenging. Either way: it is doable.

Privatization of Land

Privatization in Russia: Contesting Determinations of Cadastral Value in Privatizations of Land

Unlike in most European juris-
dictions, land plots and buildings are held within the form of real estate objects in Russia, and as a result there are situations where a building and the land plot un-
ter it have different owners. In many cases, the State owns the land, while individuals own the buildings on it. In other cases, these claims are contested. As a result, privatization of land plots in Russia remains on
the agenda mainly in this context.

The applicable privatization procedure of land plots by the owners of these buildings is rather simple. The most commonly-disputed matter in this procedure is the question of the repurchase price by law; it is determined by the cadastral value of the land plot.

The question of how to determine the price of a privatized land plot has become especially pertinent now because, after July 1, 2012, the ability to apply for preferential price at privatization is only rarely avail-
able, though before that date it was a matter of right.

Current legislation determines that the cadastral value of a land plot can be established either as a result of carrying out the state ca-
dasa: the approach that is followed is that the cadastral value is determined by the results of an independent appraisal and – unlike the cadastral appraisal – is established not en masse, but individually for the specific land plot.

The owner applying for privatization of a land plot has the ability to challenge the declared repurchasing price of the land plot when he believes that the basis for establishing the repurchasing price (100% of cadastral value) was incorrect. To do so he must obtain the market cost of a corresponding site by means of carrying out an independent appraisal, and then he may appeal to the court or to the commission tasked with considering disputes regarding determinations of cadastra-
tional value at the territorial administrative of the Russian State Register. Within any of these procedures the establishment of cadastral value of a land plot equal to its market cost is imposed.

In case of a successful contest of cadastral value and formal recogni-
tion of the market price, the price of the land plot and tax payments will be calculated from its market price.

As establishment of market value of a land plot is almost the only instrument for defining a fair repurchasing price of a land plot now, currently a large number of claims are raised before the court chal-

enge the cadastral value of land plots – and that number continues to increase, as a majority of cases succeed, causing the cadastral value of land plots to decrease. Thus it should be noted that within consid-
eration of similar affairs questions may arise on which there haven’t yet been decisive precedents. For example, whether the tenant plan-
ing to redeem the land plot can challenge cadastral value. Generally, tenants or other construction owners under their lease contracts have sustainable claims of tenants of land plots regarding the determina-
tion of cadastral value proceeding from their market costs.

In the context of the cadastral value of land plots (as bases for calculation of the repurchasing price of a site during privatization) in particular cases, the cadastral value is a lot of time. Quite often after a successful contestation of the cadastral value a competent authority initiates a new revaluation with an administra-
tive procedure that eventually ends with return to the original cada-
tral value after all. Modification of the legislation regulating the state cadastral assessment is planned now to limit the use of such revalua-
tions in administrative proceedings, and also to increase the term of confirmation of cadastral value in the commis-
sion and to establish obligatory pre-judicial consideration of the corresponding disputes in the commission.

Moldova

Privatization in Moldova: Opportunities Still Available

Are there any special laws re-
garding privatization in Mol-
dova or are the ordinary private M&A laws applicable?

Similar to all post-Soviet coun-
tries, Moldova adopted privatiza-
tion laws to facilitate the transi-
tion from a planned economy. The first regulation of the early 1990s allowed for pri-
vatizations to be carried out in all economic sectors, including the social sector.

Today, all privatizations are regulated by the Law on Administration and Divestiture of Public Property of 2007, with the exception of the privatization of public newspapers, which is regulated by a law specific to it.

What are the most important post privatizations of Moldova?

The energy sector was the first in the privatization wave. The initial goal was to break up the existing monopoly and share out the activities among new companies, and distribution among different entities. In 1997, the state company Moldenergo was divided into entities for electricity production (i.e. CET-1 Chisinau SA, CET-2 Chisinau SA,
Despite countless efforts at de-nationalization, the gas sector is still dominated by a single supplier. In 1995, the major public company Moldovagaz was converted into a joint-stock company. Later, since gas prices did not reflect the high costs of gas provision, the state offered company shares on the basis of its public debt – a novel privatization approach. As a result, the Moldovan company Moldovagaz SA emerged in 1998, with 51% of shares owned by the Russian Gazprom and 35% by the Moldovan state.

Recently, state minority stakes in Hotel Jolly Alon (34.96%) and the meat manufacturer Carmesa SA (0.110%) were sold.

What are the assets that the state is not willing to privatize?

The Moldovan Government has established a list of assets excluded from privatization. The list, which is subject to amendments by the Parliament, includes the national Cricova SA wine manufacturer (100% state ownership), the Fraunerba-Halk, the Moldovagaz SA gas supplier (35.35%), the Moldepol SA international exhibition center (100%), the Moldova-Fiin SA film production studio (100%), and the Chisinau heating-power stations (100%), among others.

As of 2008, a sale and purchase agreement cannot be negotiated directly. The sale of public assets, irrespective of the method of privatization, is subject to competitive bargaining that takes place in the presence of all participating investors. Nonetheless, the APP may end the process at any stage without selecting a winner; the process of bidding will be restarted. If the sale and purchase agreement is signed within 30 days after a winner is designated.

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Turkey

Recent Developments on Turkey’s Privatization Adventure

Turkey started its privatization adventure in 1984, with the transfer of incomplete facilities to the private sector for completion or development of new facilities in them. Since 2005, Turkey’s privatization portfolio has included shares in 270 companies, 22 incomplete facilities, 1439 real property assets, eight highways, two bridges (i.e., the Bosphorus and Fethiye Sultan Mehmet Bridges), 120 operation facilities, six ports, and the licenses for the national lottery and vehicle inspection stations. In addition, certain companies and real property assets in the portfolio were removed from the process for various reasons. In the past 29 years, more than half of the companies in the privatization portfolio have been privatized. Today, 23 companies, 565 real property assets, 37 operation facilities, two ports, eight highways, two bridges, and the licenses for the national lottery remain in the privatization portfolio.

The total value of privatizations completed between 1985 and 2014 is USD 59.3 billion. Between 1985 and March 2014, while the net proceeds generated from privatizations totaled USD 52 billion, the total revenue (including dividend income, interest and other income) is USD 59.3 billion. The generated total revenue peaked in 2013, with USD 12.5 billion.

Overview of Legal and Regulatory Framework

Turkey’s first piece of legislation related to privatization was enacted in 1984. When the need for comprehensive and fundamental legislation became obvious, the Privatization Law was enacted. Under the Privatization Law, the Privatization High Council (the “PHC”) and the Privatization Administration (the “PA”) were established to carry out privatization procedures. While the PHC is the ultimate decision-making body, the PA acts as the executive body for the privatization process.

Major Privatizations of 2013

Although numerous real property assets were privatized (often in return for small amounts of money) in 2013, it was primarily a year of energy privatizations. With the privatization of the last eight distribution companies, the privatization of all state-owned electricity distribution companies was completed and USD 7.3 billion was generated for the State. Additionally, several electricity generation assets and a significant natural gas distribution company (i.e. Basank Doguzag Dogu) were privatized in 2013.

A list of major privatizations in Turkey can be found in the version of this article that appears on www=zerosumassets.com

Surprisingly, none of the completed privatizations constituted the most important privatization news in 2013. The cancellation of a tender made more impact. The PA cancelled the tender for the privatization of eight highways and two bridges which had been held in December 2012. The highest bid was USD 5.72 billion for the operating rights for 25 years.

Major Privatizations of 2014

As of May 2014, the total value of privatizations completed in 2014 is USD 725 million. So far, the most significant privatization of 2014 has been the privatization of Salıpazarı Port (Kapalıspor), with an approximate bid value of USD 702 million. The winning bidder now has the operating rights for Istanbul’s only cruise port for 30 years. The initial tender in 2005 resulted in an offer of EUR 3.5 billion that was eventually cancelled the following year.

Additionally, the privatizations (i) Kemerköy Thermal Power Plant (“TPP”), Yeniköy TPP and Kemerköy Port Area for USD 2.67 billion; (ii) Çanakkale TPP for USD 351 million; and (iii) Ferihebat-Kalamis Marina for USD 664 million, are all still in the approval phase. In the past few weeks, the final bids for many privatizations were submitted to the PHC. Among these are the April 30th privatization of the assets and operating rights of Yatagan TPP, the May 19th and May 26th transfers of the operating rights of Esenbeld Hydroelectric Power Plants (“HPP”), the Kayaköy HPP, and the Dore and Babar HPP, and the May 26th transfer of the operating rights of the Derrine Port.

In addition, the PHC has announced the closing dates for submission of final bids for the following privatizations: The National Lottery (June 27), Hidroener Pekosis Sunay (July 14), and Anamur, Boyaz, Mot Derrinca, Silikye, and Zeyne HPs (August 6).

According to the Turkish Statistical Institute, over the past decade, Turkey has experienced a stable economic growth with an average annual real GDP growth rate of 5%. One of the main drivers behind this economic success is privatization. Considering that there are still many significant items in its portfolio (especially the package of eight highways and two bridges), and that this portfolio is expected to end in 2017, it seems that Turkey’s privatization agenda may continue to be active in the upcoming years.

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The recent revival (2013-2014) of privatization in Croatia is, paradoxically, not driven by the need to save the state budget. The budget deficit (and still is) so huge that the current Government has been forced to put in crown jewels on the table and try to sell them as fast and as efficiently as possible.

Accordingly, the largest Croatian insurer (Croatia Osiguranje), the last remaining state-owned bank (Postanska banka), a network of motorways – a source of national pride – were offered to investors in the middle of 2013. The results have been quite ambiguous.

The insurance company sale was closed on April 22, 2014 and the new owner of 39.095% of shares is Adris – he largest Croatian tobacco producer. The sale price had the largest premium on share in Croatia ever (the market price was around USD 330 and the purchase price was around USD 1350) which makes the premium on share 87.4% (the average premium was around 46.5%). Also, the new owner is obliged to make a capital increase of around USD 150 million, wherever Adris will hold a majority stake (60%), and the State will remain able to affect only a few major shareholders’ decisions (by blocking 28%). Intriguingly, Adris won the tender in competition with a potential strategic investor – the Polish insurance company PZU, which, being more skilled in the relevant industry, was not ready to offer such a huge premium. More interestingly, Adris has in the past five years invested significant amounts of capital into the first motorway projects, and is now entering a fourth, completely different industry sector! These moves raise the eyebrows of insurance experts who are concerned about whether the company will be able to, in light of its potential over-stretching, preserve its market-share.

The tender for sale of Postanska banka was a different story. Initially, plenty of interest was shown by important players from the regional banking market who lined up for the tender. However, over time – and after due diligence – interest started to dim, and at the end, only Erste & Steiermärkische Bank and OTP Bank remained in the race. In December 2013 only Erste & Steiermärkische Bank submitted a binding offer – and it was around USD 37 million lower than the non-binding offer (USD 180 million). The Government decided to reject this offer as inadequate because the offered share-price was 24.5% lower than the market price at the time. Since then, the Government has been aiming to find another model (or another buyer) for the bank.

Finally, the largest and the most important privatization (formally called “monetization”) regards a 1250-kilometer network of motorways across the country. The State engaged various advisers who, at the end of the process, concluded that a concessionaire would likely increase the expectations and the State and potential investors. The level of expectations is fairly high – the Government expects to receive around EUR 4.2 billion for a 30-50 year concession. Through this number is widely considered as unrealistic, the idea of bidding consortiums is impressive, and 4.2 billion may not be unreachable at all. Companies such as Goldman Sachs/Vinci, Macquarie, Cititze, and Strabag-de-serve high respect and promise tough competition and an interesting
It appears that, after many delays in Parliament and a rejection by the President, Romania should soon have a new PPP law.

Although in other countries PPP projects are organized as ordi- nary commercial contracts under general public procurement legis- lation, Romania has chosen to provide a specific legislative struc- ture. The newly passed law, which the current legislation was passed in 2010 and has since been amended. It is fair to say that it has not been a resound- ing success in attracting PPP projects. The anachronisms and drafts of new legislation were circulated for the comments of the legal and business community some white ages. Progress of the proposed new law has not been without difficulties and political controversy: the President refused to promulgate the new law when it was sent to him by Parliament in December 2013 and asked Parliament to review the draft, par- ticularly as regards concerns on rights to terminate PPP projects early in Parliament and a rejection by the President, Romania should soon have a new PPP law. The last active steps to pass the law appear to have been taken in March 2014 and, hearing in mind the impending parliamentar- y recess and the presidential elections later this year, it is not clear whether the new law will be issued, although there appears to be political will by the Government for this to happen. When Parliament sends the proposed law back to the President for promulgation, the Presi- dent would no longer have the right to ask the Parliament to recon- sider. Romania needs a new law, and if it is passed in the form of the current draft, the proposed law will replace the existing 2010 PPP Law in its entirety. As such, the pro- posed law should be a step forward in general, providing a single co- herent (and, hopefully, stable) legal framework for PPP projects, not- withstanding disagreements and other administrative problems, the data room is still empty, no other transactional documentations have been offered for review (such as, in particular, the concession agreement) and there are no firm indications when the process will be started in earnest. Such postponements of process (which in this case started in autumn 2013), usually being “the magic has gone” sentiment to the bidders, and passion for the deal evaporates rapidly.

With public perception of the monetization as a sale of national pride, public perception of the monetization as a sale of national pride, what will save the budget and how will the gaps be closed? Will the European Union also promoted PPPs in Hungary by providing guidance and support to the Hungarian Government in order to en- sure compliance with applicable EU legislation. Most of the projects were structured and documented in line with the EUSTAT require- ments that the projects did not increase the deficit of the state bud- get. In addition, there were remarkable changes in Hungarian law with a view to creating a robust legal framework for PPPs. Changes included amendments to the State Budget Act, the Civil Code, the Municipalities Act, and other fundamental laws of Hungary. We saw a number of successfully completed projects in the infrastruc- ture, education, cultural, and healthcare sectors as well as in judicial ex- ecution. The most successful projects were the motorway projects (for example, the M6 motorway stretching from Budapest to the southern border of Hungary), student dormitories, cultural centers, and pris- ons.

As PPPs became more popular in Hungary an ever greater number of State and Municipal projects were intended to be implemented in this scheme. This artificial promotion of the PPPs proved to be unsustainable when the global financial crisis arrived in Hungary at the end of 2008. Realizing the serious consequences of the crisis on the Hungarian economy, the Government of the time suspended all ongoing PPPs. In 2010, there were general elections in Hungary and the new right- wing Government (winning 2/3 majority in the Parliament) cancelled all ongoing and future PPP projects. Furthermore, they declared all ongoing and future PPP projects to be among the biggest failures of the previous left- wing Government, and accused the program of significantly under- estimating the growth potential of the Hungarian economy. This ap- proach completely accorded with the economic program of the new Government. They announced their intention to strengthen the state’s position and to minimize the participation and influence of the private sector in the economy. They were of the view that the global crisis was a consequent of the failure of the efficient operation of the markets, which could only be cured if the state become a key player by acquiring a dominant position. They started nationalizing the key sectors of the Hungarian economy (for example, the energy sector) and increasing the weight and influence of state institutions.

As part of its first actions, the State Budget Agency investigated the fi- nancial and legal background of all completed PPP projects. The most important condition published by the State Budget Agency was that PPPs in Hungary were extremely expensive and imposed significant burdens on the central budget and the budget of local municipalities. The report also asserted that the operation of certain municipalities and state institutions was limited by the maintenance of PPPs. As a result, the report concluded, the Government should provide relief to those municipalities and state institutions. The Government initiated a complete revision of the contractual framework of all completed and existing PPPs. They announced that they were considering the termination of all PPP contracts and the takeover of the projects by the state. They proposed to establish a separate fund in the central state budget to cover the termination costs of PPP contracts but, as far as we know, this action has never been implemented.

Currently, we are only aware of a few projects that have been termi- nated. The contracts of the most important projects (for example the M6 motorway project) were left unchanged and appear to be running smoothly. Some of the terminated PPP contracts are subject to on- going legal procedures launched by the private investors challenging the right of the state to terminate their contracts and/or the amount of compensation offered by the state.

In our view it would not be appropriate to judge all PPPs in the same manner. It is fair to say that there are a number of projects which are probably definitely intended to be terminated, expensive and not worth the funding value for money. However, other projects are undoubtedly for the benefit of the country as a whole, since they provide value for money. We believe that it is un economical to terminate a project it if serves the needs of the people of Hungary and contributes to the develop- ment of our country. However, any PPP projects which do not ful- fill these principal criteria and thus are not true PPPs should be revised and assessed on a case by case basis.

Laszlo Hajdu, Partner, HLP Legal, Hajdu & Parliava Law Office

Lithuania

Privatization In Lithuania: Current Trends and Perspectives

General

The privatization process in Lith-uania – which lasted for more than 20 years – is about to end. The most hectic period has al- ready passed and the biggest ob- jects have already been privatized. As the Lithuanian state-owned Properties were privatized, the biggest obstacle was the State Property Bank and State Property Fund, which are authorized to perform privatization procedures, do not have the high amount of privatization work they did 20 years ago, the merger of these enter- prises is expected in the near future.

Current Privatization Trends

One of the recent major privatizations was performed in 2012 when the Lithuanian embassy building in London was privatized and the state budget was enriched with more than EUR 6 million. Lithu- ania is also trying to sell its embassy building in Warsaw. However, the building in the Polish capital – initially valued at EUR 2.6 million – has gone unsold for a few years now; and real estate experts are advising the government to reduce the price. If the government follows this advice this might be the next interesting privatization object. Another interesting object is a huge territory of 1,891 hectares in the very heart of the Vilnius old town – the territory of the Red Cross hospital – which the purchaser may transform into commercial and residential real estate. It will be sold by public auction.

Also in the local market minor objects like apartments, garages, ware-
houses are popular among buyers, as the prices are usually reasonable and such objects require low maintenance costs. Privatization of the remaining large and expensive real estate objects is pretty slow as the real estate objects are sold along with land plots and the banks refuse to finance such transactions – banks do not finance acquisitions of land – therefore, transactions fail.

Common problems of privatization

Privatization of the few remaining state objects is problematic. According to a report prepared by the National Audit Office of Lithuania in 2013, many of the objects are not formed as separate units, or formal registration has been performed improperly, or real estate objects are illegally occupied by natural persons and eviction of them is complicated.

In addition, the National Audit Office of Lithuania has stated that the land plots needed for exploitation of the object have not been formed and properly registered. It seems to the juridical system, that the latter problem is quite common. The other common problem is that the object may be situated on a plot possessed by natural person or private legal entity. This situation usually necessitates negotiating kase conditions or even going to court to establish easements.

Most state entities do not conduct any activities or are being liquidated or bankrupt, and therefore do not interest potential buyers.

Privatization of strategic companies

There are several major state-owned strategic companies which could be privatized. It is believed that the privatization of these companies could improve the current state of these state assets, which has not yet been passed by the National Assembly. According to unofficial information, the government is now preparing to sell state equity investments in 80 different companies.

The largest profit is to be expected from the sale of Telekom Slovenije, the largest provider of communication services in Slovenia. Although the sale of a 75.5% stake of the company will open the Slovenian market to foreign investors, the government's decision to sell the equity investment in Telekom Slovenije has sparked controversy, as Telekom Slovenije is among the biggest tax payers in Slovenia, with an annual profit of several million EUR even in times of recession, and the largest shareholder of some of the most up-to-date terminals in Europe, Ljubljana Energija (the state energy company), and Lietuvos Gelezinkeliai (the national railway) would be of great interest of private investors. It must be noted that these strategic companies have special status provided by law, and investment into them must satisfy certain requirements (e.g. a potential investor must be a member state of the EU or NATO).

Also, it is possible to acquire a controlling stake of shares of such companies, as long as the law requires that the state possess more than half of all voting shares. Moreover, privatization of strategic companies always attracts public attention and involves long political discussions therefore, the process is inevitably drawn out. As political discussions are still continuing, a decision on a possible sale of these companies has not yet been reached.

Privatization in Latvia

Almost one year since the Slovenian National Assembly gave a “go ahead” to the sale of state equity investments, the privatization procedures in the country is generating critical reactions from experts.

While the majority of European countries are struggling to recover from the economic crisis, the success of current privatization in Slovenia is being called into question, especially in light of recent affairs connected to the sale processes and political turbulence in the country.

Twelve of the fifteen companies to be privatized, Helios and Fotonova, have already been sold, while the sale of Adria Airways, Aero, Aerodrom Ljubljana, Elan, Cinikuma, NKBM, Telekom Slovenije, and Zito are currently in progress. Companies to be privatized operate in various sectors, including communications, transport, banking, food & beverage, chemicals, electrical equipment, investments, and health care. Noticeably absent from the list of companies to be privatized are Luka Koper (Slovenia's largest seaport and logistics company), the Krka pharmaceutical company, the Peko shoe manufacturer, and the Petrol gas pipeline.

Uros Cufar, the Minister of Finance, recently stated that the last two of these companies are included in the current plan for the sale of state assets, which has not yet been passed by the National Assembly. According to unofficial information, the government is now preparing to sell state equity investments in 80 different companies.

The Special Rights of State’s Preferential Share in Incoming VIVACOM

The Special Rights of State’s Preferential Share in Incoming VIVACOM is currently being discussed by the Latvian government.

According to the Latvian government’s plan, the Special Rights of State’s Preferential Share will help to finance the privatization of some strategic companies. This is an important step in the privatization process, as it will allow the Latvian government to maintain a certain level of control over these companies.

Bulgaria

The Special Rights of State’s Preferential Share in Incoming VIVACOM: Revoked. What Now?

In 2004, 65% of the capital of the incumbent telco Bulgarian Telecommunications and the Norwegian Financial Mechanism (VIVACOM) was held by the Bulgarian Government in a privatization procedure. In 2005, a public offering of the remaining shares was launched with 54.78% of the company's capital being offered on the Bulgarian Stock Exchange. However, the company went through several major restructurings in the process, becoming a leader in developing modern telecommunication services.

Although the company was fully privatized, the State retained some special rights through the so-called “golden share.” A golden share is a commonly-used type of special right which is typically enshrined in a company's Articles of Association. Its alteration is subject to governmental consent and it is usually held for a definite

PPP Cautiously Revives in Latvia

The beginning of the PPP story in Latvia can be dated to February 16, 2000, when the first Concessions law entered into force. Partnership in 70 concession projects were launched on the basis of this law until October 1, 2009, when the Finance Law on Public-Private Partnership broadened PPP options as well as confirming decision-makers’ interest in developing the PPP concept.

PPP projects are a key mechanism to attract private capital and incentivize the local government to sell state assets, which has not yet been passed by the National Assembly. According to unofficial information, the government is now preparing to sell state equity investments in 80 different companies.

The majority of the projects in the first decade of this century were connected with public transportation services for regional municipalities. The others related to public utilities such as heating and waste management services, construction and management of public schools, municipal data processing services, and so on. Accordingly, given the local nature of those projects, the American financial fund WAB Capital introduced himself to Latvia as well as confirming decision-makers’ interest in developing the PPP concept.

PPP projects are expected to be on the one hand: the most challenging for decision-makers during the coming years.

During the PPP moratorium period, voluminous research was carried out in cooperation between the Latvian Investment and Development Agency and the Norwegian Financial Mechanism (VIVACOM) in cooperation with the Ministry of Economic Development and Technology, Metode Dragonia, the Ministry of Environmental Protection and Regional Development, the Ministry of Education and Science, the Ministry of Transport and Communications, the Ministry of Foreign Affairs, the State Treasury, the State Insurance Corporation, the State Information System, and the State Agency for Competitiveness.

As mentioned above the core reason for slow progress in decision-making is very likely uncertainty and unpredictability of a project's course. One way of simplifying the legal element of cooperation is making standard legal documentation more available, both for procurement and for entering into an agreement. Nevertheless, this depends on the ability of the state or municipality to follow project development through all stages.

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Austria
Privatization in Austria

State-Owned Enterprises in Austria

In order to renew its largely deindustrialized industries after World War II, the Republic of Austria has experienced an extended period of strong governmental intervention, in particular due to nationalization measures of important industry sectors including manufacturing and transportation. Although Austria has successfully privatized the majority of its large manufacturing industries, it is estimated that it still holds capital ownership in more than 100 state-owned enterprises ("SOEs"), in particular on the regional level of its federal states (Bundeslander). Austria also owns other public institutions in their entirety, such as the Austrian national public service broadcaster ORF (Österreichischer Rundfunk).

In 1967 Austria established a state-owned holding company to hold and govern a significant part of Austria’s nationalized post-war industry. This holding company underwent several reforms and restructuring, and is now called Österreichische Industrieholding AG ("ÖIAG").

The ÖIAG focuses on two core functions on the basis of a special act – the ÖIAG-Act. Pursuant to this act, the ÖIAG is primarily an investment management body and administrator in Austrian shareholdings. The ÖIAG has to ensure the maintenance and growth of its SOEs by either holding at least 25% plus one share of the voting share capital in each company (giving the ÖIAG certain statutory approval rights) or by exerting influence on the basis of shareholder agreements.

Secondly, the Austrian Federal Government can issue a privatization mandate to ÖIAG authorizing the ÖIAG to further privatize the companies it owns.

Currently the ÖIAG holds a minority share in the international oil, gas and energy company OMV (31%) and the telecommunications provider Telekom Austria Group (28%). ÖIAG also owns 53% of the shareholdings of the postal provider Österreichische Post AG. In terms of recent developments, ÖIAG just concluded a shareholders agreement with America Movil in order to ensure Austrian interests in Telekom Austria Group for the next 10 years. ÖIAG’s total shareholding portfolio is currently valued at around EUR 3.6 billion.

Austria
Privatization in Albania

Albania
Privatization in Albania: A Snapshot

The privatization era in Albania began in 1991, following the adoption of the country’s new Constitution and the “On Sanctioning and Protection of Private Property, Free Initiatives, and Privatization” Law.

The provisions of this new law laid the foundations for the transition from a centralized state-controlled economy to a free market economy, opening the door to the process of privatization. In addition, a series of laws were adopted to provide a further regulatory layer and to sanction the creation of private property and subordinate rights.

Law no. 7501, “On Land”, dated July 19, 1991, and law no. 8053, “On Transfer Without Compensation of Agricultural Land Ownership”, dated December 21, 1995, stipulated that agricultural fields, which had been previously controlled by collective and state farms, were to be divided into plots and distributed to the collective and private rights of the State in a system of family ownership.

Law no. 7652, “On State Housing Privatization”, dated December 23, 1992, required residential properties, including apartments and houses with small land plots, to be transferred into the ownership of occupants.

Law no. 7679, “On Restitution and Compensation of Properties to Former Owners”, dated April 15, 1993 (which was revised on May 9, 2002, as “On Restitution and Compensation of Property”), as amended, dated July 29, 1994, enabled families that had owned land and property prior to 1945 to claim restitution of their non-agricultural properties, or alternatively to receive other property or financial compensation.

The following five years saw successive governments engage in a program of accelerated privatization, the process was carried out under the guidance of the World Bank and the International Monetary Fund. During this period, the majority of small- and medium-sized enterprises in the country were sold, leased, or liquidated. By 1996, much of Albania’s economy had shifted into private hands.

A mass privatization program, enabling citizens to buy equity in public enterprises, also began in 1995. However, this process proved difficult to implement, and it was halted in 1997. The process suffered from lack of strategy and organization in the liberalization of the market. The lack of capital available, due to an underperforming financial and banking system, also impeded the process.

In April 1998, the government approved the Strategic Sectors Privatization Strategy, which called for the privatization of strategic sectors, including large, state-owned industries. Law no. 8366, dated March 14, 1998, provided a privatization strategy for sectors considered to hold significant importance for the country’s economy. Examples include: telecommunications; ports; mining; oil and gas; for- ers and airports; insurance companies; and state-owned second-
crier banks. State enterprises and companies with state-owned capital operating in strategic sectors were, as a result of the law, also open to privatization. In order for a state-owned enterprise to be privatized, a specific law had to be approved by the Albanian parliament. This practice remains in force today.

In the years following law no. 8366, numerous companies operating in strategic sectors were either partially or entirely privatized.

The privatization of the energy sector was a special focus in the last decade, and it remains so today. Between 2005 and 2010, the Albanian government unbundled the industry’s transmission and distribution department.
Systems, introduced a new power market model, and granted concessions for the development of new hydropower plants to private investors.

The privatization of the Transmission Operator System was followed by the privatization of OKD in 2013 of four existing medium-sized hydropower plants on the Mat and Bistrica rivers, which have a combined capacity of 76.7 megawatts. The four plants were privatized through competitive international tenders.

However, the wave of privatization seen in previous years has declined recently as Albania, like many countries, has felt the brunt of the economic crisis. The failure of the sales of shares held by the Albanian state in INSIG SHA, the only state-owned insurance company, is a particular example of the effects of the financial crisis. The Albanian parliament has authorized the sale of the state's shares in 2006; there were also attempts to offer the shares to strategic investors in the international markets – and later in the domestic market, too. The offering did not attract investors, however, and the state, which has subsidiaries in the Republic of Kosovo and FYROM, continues to be owned entirely by the Albanian state.

Czech Republic

Privatizations: The Czech Government Proceeds with Caution

Since the last large-scale privatizations in the Czech Republic almost a decade ago, the sales of stakes in companies have been few and far between. The most recent headline privatization was the 2013 sale of a minority stake in the national airline CSA to Korean Air. The sale has been welcomed by the Czech government as the first of many privatizations of state-owned companies. With a new government in place since January 2014 there has been talk of privatizing some of the remaining state-owned assets. However, for the time being the government seems to want to hold on to the most profitable assets.

The first wave of Czech privatizations in the early 90s was not without its challenges. Like in other post-communist countries the state was the dominant sector of the national economy. In a neo-liberal market economy, the belief of the politicians at the time resulted in an “all-out” sale of state enterprises. The Czech government had set itself the goal of privatizing a majority of the state-owned companies within 3 years. Taking into account the number of companies concerned, the lack of available domestic capital, and hesitation among foreign investors, it was not possible to achieve this goal through standard means such as direct sales and auctions. As a result the so-called voucher privatization – under which all citizens had the opportunity to get shares in state-owned companies – came to be one of the main methods used.

Although the government secured the effective privatization of a majority of the economy, the country lacked an adequate legal framework to protect investors and secure a successful continuation of business.

The Czechs have recently been painfully reminded of some of the failings of the past. A case in point is the privatization of coal mining company Mostecka shlejha in late 2013. As many Germans realize, Coal-mining is a staple of life for many Czechs. Privatization of state-owned enterprises, however, the whole Czech Republic has subsidiaries in the Republic of Kosovo and FYROM, continues to be owned entirely by the Albanian state.

with Caution

Privatizations: The Czech Government Proceeds with Caution

Although foreign investment into the Czech Republic is expected to pick up again over the coming years and many domestic investors have the funds to invest in acquisitions, it remains to be seen whether the Czech state will use these favorable conditions to put some of the remaining assets on the block. Current debates over past privatizations might make the government proceed with additional caution.

Overview of Privatization in the Energy Sector

The energy sector in Macedonia has been one of the areas where privatization has progressed with the most difficulty. Up to 2004, the vertically-integrated and state-owned JSC Macedonian Electricity Company (MEC) exclusively provided the generation, transmission, distribution, and supply of electricity, as well as imports, tariffs, and maintenance of the integrity of the electricity system. In 2004, MEC was split into two independent joint-stock companies. Its legal successor MEPSO assumed the transmission function, while WSM assumed the electricity generation, distribution, and supply functions. In 2005, ESM was further unbundled into two independent joint-stock companies: Macedonian Power Producers (MEPRO) which assumed the electricity generation function, and the Cesky Energo Holding, which is a part of the company, and ESM, which retained the electricity distribution and supply parts. In 2006, ESM was privatized by Austria's EVN AG and was rebranded into the EVN joint-stock company. As a result of the sale of the privatization process, the key players in the electricity market are currently three separate and regulated monopolies: (i) generation – the state-owned MPP; (ii) transmission – the state-owned MEPSO; and (iii) distribution and supply – the privately owned EVN.

Privatization of MPP

Recently, the Government has announced its intention to privatize the 100% state-owned MPP by increasing its share capital and offering private investors the opportunity to purchase up to 49% of newly issued shares. The process for the privatization contract is underway, and it is therefore likely that the international public call for the privatization will be published in 2015.

Why is the privatization of MPP important?

MPP generates more than 90% of the nation’s electricity. It owns and operates the main national generation facilities: (i) the thermal power plants in Bitola and Osolome, with a total installed capacity of 800 MW; and (ii) seven large hydropower plants, with a total installed capacity of over 500 MW. It also acts as the wholesale electricity supplier for the retail supplier EVN. The estimated value of 49% of MPP shares was EUR 750 million.

This will be the largest privatization in Macedonian history (the largest Macedonian privatization to date was the EUR 388 million sale of Macedonian Telkom to Hungarian Mates) in 2003. For now, the largest privatization in the energy sector remains the sale of EVN’s shares in a transaction of EUR 225 million and an investment obligation amounting to EUR 92 million, in the three-year period following the sale.

How will be the privatization organized?

The key legislation that governs the privatization process in Macedonia is the Law on Transformation of Enterprises with Social Capital (OJ 38/93) and the Law on Privatization of State-owned Capital (OJ 37/96). Both laws provide foreign investors with equal rights to do business in the tendering and privatization process for sale of Government’s shares in state-owned enterprises. It is very likely that the privatization will be organized similarly to the sale of EVN, which was organized through an international public call for a trade sale and a one-round bidding process. The ranking criteria for the received bids were the purchase price and a three-year investment commitment. In the case of MPP, it is reasonable to expect that the Government will also apply an investment commitment criterion, as it has announced that it expects the successful bidder to make additional investments in the development of electricity generation facilities.

What will be the main legal concerns?

Any attempts by the Government to “clean” or restructure MPP prior to its sale (e.g. write-off state debt, debt-to-equity conversion, and capital increases before privatization) will in many instances constitute state aid if they are not compliant with the “market economy investor principle” (i.e. if a public authority invests in the enterprise on terms and in conditions that would be acceptable to a private investor operating under normal market economy conditions, the investment is not considered as state aid). The Government’s enthusiastic efforts to attract foreign investment by providing various incentives to international corporations are well known. Therefore, it is of critical importance for the Government to organize the privatization through a well-publicized, transparent, unconditional, and competitive tendering process, to provide prospective bidders with access to all relevant information for valuation of the share package and to ensure that there is no discrimination based on the nationality of the prospective bidders.

The Government will remain the majority shareholders in MPP (51%) and will therefore retain control of management. The successful tenderer will want to ensure that it has a voice in MPP’s management and that there is an effective dispute resolution mechanism in place. The memory of the dispute between the Government and EVN AG in connection with EVN’s sale is still fresh. In 2009, EVN was ordered by the Macedonian courts to pay EUR 200 million to MPP on the basis of a debt deriving from unpaid electricity bills from consumers, before the privatization. Not long after EVN AG filed a claim for arbitration against the Government alleging a breach of the Bilateral Investment Treaty between Macedonia and Austria, the parties settled.
In Closing: TopSite Award

Like diamonds in the rough, the finalists of the 2014 Top Sites awards for the Russian and Hungarian markets stand out from their peers. And the winners – the websites of Lidings in Russia and Jalsovszky and VJT & Partners in Hungary (in a tie) – demonstrate that there’s more than one way for a law firm to effectively communicate its mission and capabilities online.

Russia

The Lidings website is colorful and busy, effectively identifying the firm's clients and capabilities by both sector and practice group with attractive design, perfect English, and full contact details for all its lawyers. The firm also presents a full component of press releases and thought-leadership articles in a creative way, allowing visitors to sort the information by practice area or industry sector.

Jula Zhabina, Lidings' Head of Business Development, claims that when creating the site in summer of 2012 the firm “aimed at a simple yet bright and eye-catching interface.” She explains that, “our website is an essential source of information for both internal and external users, and we invest significant time and resource to ensure that the information it offers is the most up to date and is presented in a logical and visually attractive manner.”

Zhabina believes that the substantial thought-leadership articles and the provision of full contact details for all the firm’s lawyers are distinguishing factors in the firm’s marketing efforts. “At Lidings we believe that sharing information rather than purely accumulating it is what truly distinguishes leading law practices today. Thought leadership is one of the top priorities for our website content. The other thing that distinguishes Lidings is the effort we put into personal branding and marketing of our key employees.”

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Two firms share the Top Sites Award for Hungary, as the websites of Jalsovszky and VJT & Partners impressed the judges equally. Both sites are more restrained and sober than those of the Russian winners, and though neither site provides news of recent deals or transactions, they are undeniably competent, elegant, and polished.

The Jalsovszky website has an unusual interface on its team page, which provides a group black and white photo of all the lawyers at the firm, with each individual identified and illuminated into color as the cursor hovers over his or her image. The firm’s site is elegant and restrained.

Pal Jalsovszky was pleased to be informed of his firm’s award. He explains that Hungary’s Alison Group designed the website for his firm in 2010, and that, “with the website we tried to reflect our core values: we are, on one hand, young and dynamic but on the other hand deeply professional.” The restrained professionalism of the site was no accident, Jalsovszky says, as “we wanted to be informative but without using the ‘general bullshit’.”

The VJT & Partners website is similarly restrained, though in contrast to Jalsovszky’s professional photos of lawyers and the office, VJT instead provides whimsical photos of penguins, a feather, and other metaphors of the firm’s focus and capabilities.

Like the Jalsovszky site, the VJT & Partners’ website provides a focused and easily negotiable recitation of the firm’s capabilities and the profiles and competencies of its lawyers, along with the requisite thought-leadership articles. Alone among this issue’s four finalists, the site does not provide contact details for the firm’s associates, though it does identify them by name and image.

Janos Tamas Varga, the firm’s Managing Partner, responded enthusiastically to the news of the award. He explains that: “This award is a great honor for us. It recognizes our efforts to express our values in every tiny detail. We are not satisfied until every sentence, every image, every color and the layout of the website are in accordance with our values. This is the very simple way in which we made our website and how we work in our day to day legal practice.”
Lawyers know that new perspectives are useful in gaining a fuller understanding.

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