



CEE LEGAL MATTERS

YEAR 6, ISSUE 12
JANUARY 2020

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

Guest Editorial: Miriam Simsa of Schoenherr ■ Across the Wire: Deals and Cases in CEE ■ On the Move: New Firms and Practices
The Buzz in CEE ■ Talking Tax: Interview with Balazs Kantor of LKT
Practice Under Pressure: How the Legal Profession in Bosnia & Herzegovina Experienced the Bosnian War
Market Spotlight: Poland ■ Guest Editorial: Karolina Stawowska of Wolf Theiss ■ The Effect of Law & Justice in Poland
Inside Insight: Interview with Anna Wawrzynczak of the Polish Development Fund ■ Inside Out: Grupa Lotos Refinancing
Market Spotlight: Russia ■ Guest Editorial: Alexander Zharskiy of Alrud ■ Russia Reacts to International Sanctions
Inside Insight: Interview with Anastasiya Shkarina of Unilever ■ Experts Review: Shipping/Transportation
The Confident Counsel: The Secret to Killer Presentationsk

DEALER'S CHOICE LAW FIRM SUMMIT & 2020 CEE DEAL OF THE YEAR AWARDS

APRIL 23, 2020

CEE/YOU IN LONDON!

DEALER'S CHOICE SUMMIT
CO-HOSTED BY:

SLAUGHTER AND MAY

SPONSORED BY:

REGIONAL SPONSOR

adriala

REGIONAL SPONSOR

PONTES the CEE lawyers

CROATIA SPONSOR

C·B ČIPIĆ-BRAGADIN-MEŠIĆ
AND ASSOCIATES
LAW FIRM

HUNGARY SPONSOR

NAGY & TRÓCSÁNYI

SERBIA SPONSOR

JPM | JANKOVIĆ POPOVIĆ MITIĆ

TURKEY SPONSOR

KOLCUOĞLU DEMİRKAN KOÇAKLI
HUKUK BÜROSU • ATTORNEYS AT LAW

UKRAINE SPONSOR

AVELLUM
INTERNATIONALLY
UKRAINIAN


**CEE
LEGAL MATTERS**

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

The Editors:

 David Stuckey
david.stuckey@ceelm.com

 Radu Cotarcea
radu.cotarcea@ceelm.com

Letters to the Editors:

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

press@ceelm.com

Disclaimer:

At CEE Legal Matters, we hate boilerplate disclaimers in small print as much as you do. But we also recognize the importance of the "better safe than sorry" principle. So, while we strive for accuracy and hope to develop our readers' trust, we nonetheless have to be absolutely clear about one thing: Nothing in the CEE Legal Matters magazine or website is meant or should be understood as legal advice of any kind. Readers should proceed at their own risk, and any questions about legal assertions, conclusions, or representations made in these pages should be directed to the person or persons who made them.

We believe CEE Legal Matters can serve as a useful conduit for legal experts, and we will continue to look for ways to expand that service. But now, later, and for all time: We do not ourselves claim to know or understand the law as it is cited in these pages, nor do we accept any responsibility for facts as they may be asserted.

EDITORIAL: A REFLECTIVE FEVER DREAM



As has been this editor's tradition in recent years, I managed to switch off my outlook over the last few days of the year and spend the winter holidays right: on a sunny, warm spot by the beach, getting my vitamin D fix. I paid my dues when I returned to cold Budapest, though, as the first signs of a flu appeared on my first evening back.

The good news, as I woke up the next morning, back and ready to kick off 2020 in style, was that I didn't have the flu anymore. The bad news was that it had evolved into the plague.

So there I am, tucked in blanket and lying on my sofa at home, my warm, fluffy foot-huggers on, wearing a thick scarf around my neck to warm up my throat, alternating between chugging bucket-sized mugs of hot tea to try to breathe and hot coffee to stay semi-lucid, and address incoming emails – a few from staff writers, more from back office colleagues trying to address clients' needs, and a flood of questions from panicky marketers who had just received our reminder that our first deals submissions' deadline was a week away – all while trying to wrap up the issue of the magazine now in your hands.

I gave up and decided I could no longer work after realizing that I'd been staring at the same email for over 30 minutes. I took a time out, closed my laptop, and stared at the ceiling, reflecting on 2019. Here's my CEELM highlights for the year:

The Best Pro Tip

We learned of a marketer who decided she would no longer rely on partners to inform her of closed deals so she could prepare her summaries of them, because it was always the last item on those partners' to-do lists, so she made an arrangement with the receptionist to notify her whenever either of the conference rooms were booked for a closing.

Correction: In the "Proof Positive: PRK Partners' Relaxed Path to Success" article that appeared in the October 2019 issue of the CEE Legal Matters magazine PRK Partners was mistakenly reported to have opened its doors for business 36 years ago. In fact, the Czech and Slovak firm was launched in 1993 – now 27 years ago. We apologize for the error.

The Best Presentation

Aaron Muhly, who took the graveyard shift and made one of the final presentations at this year's CEELM Hungary GC Summit, made the whole room laugh when pointing out some of the common mistakes lawyers make in their business communications. We won't even try to replicate his anecdotes here, but we're happy we managed to corrupt him into a regular column for our magazine: "The Confident Counsel."


The Most Random Requests

A close tie between a named partner writing to us after we reported on the dissolution of his firm claiming that the simple use of his name in the story – again, this is a named partner in the firm – constituted "a serious breach of personal data"; and a marketer from a law firm writing to us to ask if *we* could generate a report for them showing how many deals *they* had worked on throughout the year.

The Most CEELM Fun

The annual bowling challenge for charity in Budapest was, as always, a blast. The third competition's proceeds went to the Bator Tabor Foundation, which organizes special summer camps for cancer-afflicted and chronically ill children, making it a valuable evening – but I have to admit that seeing lawyers from 14 different Hungarian law firms battling out on the lanes with, ahem, significant amount of beer floating around, had its own special appeal.

Personal Highlights

Avengers Endgame was a blast and Harley – a comic-book-inspired named rescue dog – came into my life. Not legal- or CEELM-related in any way at all – I'm just a nerd at heart and these had to make the list.

Radu Cotarcea

GUEST EDITORIAL: HEAR AND DARE – REFLECTIONS OF AN AUSTRIAN LAWYER WORKING IN C/SEE



CEE is a highly-fragmented market. What sounds like a dull geographical statement actually highlights the main challenge of being a lawyer working in a regional CEE law firm.

Being a cross-border transactional lawyer means it is never enough just to know the laws of your home country. Of course, lawyers qualified to advise in countries others than your own will be available to assist, but ideally you should also be up to date yourself, with, for instance, how long it takes to transfer shares in a Romanian srl; the newest developments in capital maintenance rules in Slovakia; and the current state of Serbian capital controls. It means testing legal boundaries in countries where you can't even understand the menu. And it means trusting lawyers who may be far younger than you – or leading lawyers that could be your parents.

A few things I've picked up on my journey:

Presence Matters. Never mind skype, facetime, and whatever other new great program someone just launched – nothing beats an old-fashioned face-to-face meeting. Whether this means relocating for a week to sit next to your colleagues to finalize a submission or flying in for just one meeting, the time and effort is totally worth it.

Mozemy? No one expects you to negotiate in the local language, but learning at least a few words in that language really is a matter of courtesy. After all, a lot of the lawyers I have met working in the Balkans speak three languages fluently (so beware: German, French, or whatever “secret language” you use to discuss strategy with your client in front of opposing counsel in, might in fact not provide much protection).

Same but Different. Nothing annoys an Austrian lawyer more than reading, “this is the advice we received for Germany, can you please confirm it is the same in your jurisdiction?” The same holds true for CEE. Yes, some of the countries may have been unified not so long ago, and yes, some of them have copied substantial parts of German, Swiss, or Austrian legislation, but there remain distinct differences between them, and they have evolved in different directions.

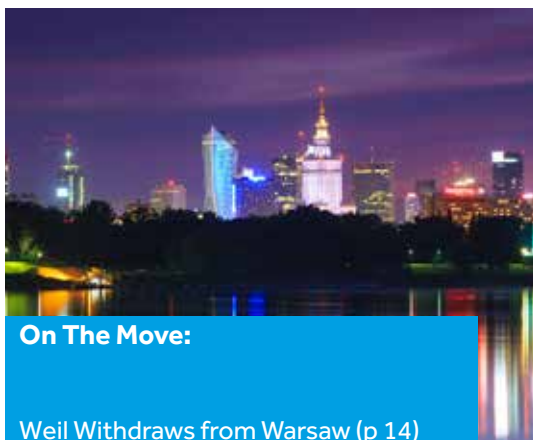
Generational Conflict. Being a trainee in a reputable international firm has its perks –but it definitely has its challenges too. One of these is coordinating foreign lawyers that are your seniors in age and experience. Conversely, being a senior lawyer and having to answer to a newly-graduated lawyer who has very little experience in civil law jurisdictions is equally painful. A little bit of understanding for the other side goes a long way. After all, they bring the hot-shot big-name transactions. And, after all, they help you to make your client happy.

Size Matters. When I first started working in CEE, having a lawyer in another country answer a legal question with, “not sure - however it is solved in Austria is probably how we would do it,” made me furious. After all, I was asking a senior attorney, so I expected a clear-cut answer.

With a few notable exceptions, CEE countries are small. This means fewer international firms bother to have an office in these, and the overall legal market can be rather inward-looking and slow to incorporate international best practices. It also means there are not as many precedents as in larger markets and not so many legal professionals writing commentary after commentary on each exotic legal question. Finally, it means that a lawyer can never specialize as much as, for example, a lawyer working in a Magic Circle firm can. The markets are simply not big enough. For a lawyer coming from a bigger and more specialized market, understanding this is absolutely crucial. It means you have to inform your client that there may not be a simple yes or no answer. But it also dares you to be creative and test boundaries by introducing legal arguments and best practices from other countries.

So, in a nutshell: be respectful, hear your foreign counterparts, make sure you really understand local circumstances, and accept the limits for what they are – an opportunity to challenge the status quo.

Miriam Simsa, Partner,
Schoenherr

**On The Move:**

Weil Withdraws from Warsaw (p 14)

**Practice Under Pressure:**

The Legal Profession in Bosnia & Herzegovina During the Bosnian War (p 26)

**"Law and Justice" in Poland:**

Investors's response to continued success of the right-wing (p 36)

**Experts Review:**

Transportation and Logistics in CEE (p 60)

Preliminary Matters

2 - 5

- 3 Editorial: A Reflective Fever Dream
- 4 Guest Editorial: Hear and Dare – Reflections of an Austrian Lawyer Working in C/SEE

Across the Wire

6 - 19

- 6 Across The Wire: Summary of Deals and Cases
- 14 On the Move: New Homes and Friends

Legal Matters

20 - 33

- 20 Legal Matters: The Buzz
- 24 Talking Tax
- 26 Practice Under Pressure: How the Legal Profession in Bosnia & Herzegovina Experienced the Bosnian War
- 32 Marketing Law Firm Marketing: External PR Firms

Market Spotlight: Poland

34 - 49

- 35 Guest Editorial: Polish Firms Go Big, Go Niche, or Go Home
- 36 "Law and Justice" in Poland
- 38 Market Snapshot: Poland
- 42 Inside Insight: Interview with Anna Wawrzynczak of the Polish Development Fund
- 46 Inside Out: Grupa Lotos Refinancing

Market Spotlight: Russia

50 - 58

- 51 It's Time to Thrive, Not to Survive
- 52 Russia Reacts: Impact of Sanctions on International Arbitration Involving Russian Parties
- 54 Inside Insight: Interview with Anastasiya Shkarina of Unilever
- 56 Expat on the Market: Interview with Scott Senecal of Cleary Gottlieb Steen & Hamilton

Experts Review: Transportation and Logistics

60 - 73

The Confident Counsel

74

- 74 The Secret to Killer Presentations

ACROSS THE WIRE: DEALS SUMMARY

Date covered	Firms Involved	Deal/Litigation	Value	Country
15-Nov	DLA Piper; Wolf Theiss	DLA Piper advised European hotel developer UBM Development AG on the successful issue of a new EUR 120 million corporate bond, including an exchange offer. Wolf Theiss advised joint lead managers and book-runners Raiffeisen Bank International AG and M.M.Warburg & CO.	EUR 120 million	Austria
18-Nov	Weber & Co.; Wolf Theiss	Weber & Co. advised joint lead managers Erste Group, LBBW, RBI, and UniCredit on the issuance of EUR 300 million mortgage covered notes by Raiffeisenlandesbank Vorarlberg. Wolf Theiss advised Raiffeisenlandesbank Vorarlberg on the issuance.	EUR 300 million	Austria
19-Nov	Binder Groesswang; Kosch & Partner; Womble Bond Dickinson	Binder Groesswang advised British private equity fund Enact on backing the management team of Qualter, Hall & Company Limited in its buyout of the business from the insolvency estate of Waagner-Biro AG. Womble Bond Dickinson advised Enact on matters of English law. Kosch & Partner advised Waagner-Biro.	N/A	Austria
20-Nov	Graf & Pitkowitz	Graf & Pitkowitz advised Lukoil International GmbH on its acquisition of a 5% share in the GHASHA project for the development of deposits of gas, oil, and gas condensate in the United Arab Emirates.	N/A	Austria
22-Nov	CMS	CMS advised ALPLA on its acquisition of Spanish recycling companies Suminco S.A. and Replacal S.L. Barcelona's Fornesa Ceca Magan law firm advised the sellers.	N/A	Austria
25-Nov	Dorda; Gleiss Lutz	Dorda and Gleiss Lutz advised Austria's Miba, a strategic partner of the international engine and automotive industry, on its entrance into a joint venture with German metal processor Zollern.	N/A	Austria
26-Nov	Dorda; Schoenherr	Schoenherr advised Credi2 GmbH on the acquisition by Volkswagen Bank of a 20% stake in the company. Volkswagen Bank was advised by Dorda.	N/A	Austria
28-Nov	BPV Huegel; Freshfields; Lenz & Staehelin; Linklaters; Meyerlustenberger Lachenal	BPV Huegel and Switzerland's Meyerlustenberger Lachenal law firm advised shareholder Raiffeisen Informatik on the initial public offering of SoftwareONE Holding AG and its listing on the SIX Swiss Exchange. Lenz & Staehelin and Linklaters advised SoftwareONE, while Niederer Kraft Frey and Freshfields advised joint global coordinators and joint book-runners Credit Suisse, J.P. Morgan, and UBS Investment Bank, and additional joint book-runners BNP Paribas, Citigroup, Deutsche Bank, UniCredit, and Zurcher Kantonalbank.	CHF 2.9 billion	Austria
29-Nov	Rautner Attorneys At Law; Wolf Theiss	Wolf Theiss advised Volksbank Wien AG on the issuance of covered bank bonds. Rautner advised the joint lead managers, Commerzbank Aktiengesellschaft, Deutsche Bank Aktiengesellschaft, DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Erste Group Bank AG, and Landesbank Baden-Wuerttemberg.	EUR 500 million	Austria
6-Dec	Cooley; Duane Morris; Herbst Kinsky; Schoenherr	Herbst Kinsky and Cooley advised Bitmovin GmbH, a subsidiary of Bitmovin Inc US, on its receipt of a loan of up to EUR 20 million from the European Investment Bank. Cooley served as the US law advisor to Bitmovin. EIB was advised by Duane Morris and Schoenherr.	EUR 20 million	Austria



Date covered	Firms Involved	Deal/Litigation	Value	Country
11-Dec	Cerha Hempel; White & Case	Cerha Hempel and White & Case advised the SES-imagotag Group on its entrance into a joint venture with Switzerland's Bossard Group. SES-imagotag will control 70% of the new joint venture – PDi Digital GmbH, based in Austria – with Bossard controlling the remaining 30%.	N/A	Austria
12-Dec	Schoenherr	Schoenherr advised the EIB on its loan of up to EUR 20 million to Austrian start-up Bitmovin. The borrowers were advised by Herbst Kinsky and Cooley.	EUR 20 million	Austria
13-Dec	Wolf Theiss	Wolf Theiss advised Raiffeisen Bank International AG on the issuance of covered bank bonds and the bonds' listing on the Official Market of the Luxembourg Stock Exchange. DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Mediobanca-Banca di Credito Finanziario S.p.A., Raiffeisen Bank International AG, Societe Generale, and UniCredit Bank AG were joint lead managers.	EUR 500 million	Austria
13-Dec	KWR; Taylor Wessing	Taylor Wessing advised the German Wefox Group on its merger with DIE Maklergruppe Versicherungsmakler GmbH. KWR Karasek Wietrzyk Rechtsanwälte advised DIE Maklergruppe.	N/A	Austria
20-Nov	Sorainen	Sorainen advised Google on Belarusian aspects of its acquisition of San Francisco-based wearables brand Fitbit.	USD 2.1 billion	Belarus
21-Nov	Sorainen	Sorainen advised Flex-n-Roll, a producer of self-adhesive labels, on its entrance into the China-Belarus "Great Stone" Industrial Park.	N/A	Belarus
12-Dec	Sorainen	Sorainen advised Moomin Characters Oy Ltd, a company established by Finnish writer and illustrator Tove Jansson that is responsible for Moomin copyright and trademark protection, in pre-trial proceedings regarding a copyright infringement issue.	N/A	Belarus
15-Nov	Djingov, Gouginski, Kyutchukov & Velichkov; Kirkland & Ellis; Kyoseva Yakimova Dimitrova; Pillsbury Winthrop Shaw Pittman	DGKV advised a consortium of lenders including the London-based investment firm Blantyre Capital Limited, the EBRD, and the Bulgarian Development Bank on the financial restructuring of Bulsatcom EAD – the largest Bulgarian TV and satellite operator. Kirkland & Ellis advised Blantyre Capital and Bulgarian Development Bank on matters of English law and Pillsbury Winthrop Shaw Pittman advised the EBRD. Bulsatcom was advised by Kyoseva, Yakimova, Dimitrova and Bulgarian solo practitioner Liliya Tsoncheva.	N/A	Bulgaria
21-Nov	Boyanov&Co	Boyanov & Co. advised Eurobank Bulgaria AD on the merger and absorption of Piraeus Bank Bulgaria AD.	N/A	Bulgaria
9-Dec	Vassilev & Partners	Vassilev & Partners helped Cyprus's JFD Group Limited register its branch in the Bulgarian Commercial Register and the Investment Intermediary Register, both kept by the Financial Supervision Commission.	N/A	Bulgaria

Date covered	Firms Involved	Deal/Litigation	Value	Country
11-Dec	Kambourov & Partners	Kambourov & Partners advised Akropolis Real Estate BV on the sale of a 197,000 square meter residential development lot in Sofia to the Galaxy Investment Group.	N/A	Bulgaria
15-Nov	Kinstellar	Kinstellar advised Czech real estate fund Investika on its acquisition and refinancing of the Galerie Butovice shopping center in Prague.	N/A	Czech Republic
19-Nov	Allen & Overy; Dentons	Dentons advised CPI Property Group on its issuance of green bonds. Allen & Overy advised joint lead managers Barclays, Deutsche Bank, HSBC, Raiffeisen Bank, and Societe Generale.	EUR 750 million	Czech Republic
27-Nov	White & Case	White & Case advised PPF Arena 1 B.V. on a note issuance.	EUR 500 million	Czech Republic
2-Dec	BBH; Schoenherr	Schoenherr advised Facebook, Inc. and Facebook Technologies, LLC on the acquisition of Czech games studio Beat Games s.r.o., which develops and upgrades the Beat Saber virtual reality game. Beat Games was advised by BBH.	N/A	Czech Republic
6-Dec	BPV Braun Partners	BPV Braun Partners advised a fund managed by Aventicum Real Estate on renovations and the expansion of the Prague Marriott Hotel.	N/A	Czech Republic
11-Dec	CMS; Dentons	CMS advised Karimpol on the sale of Greenline, a 15,500 square meter office building in Prague, to Wood & Company. Dentons advised the buyers on the deal.	N/A	Czech Republic
19-Nov	Cobalt; Kinstellar; Soltysinski Kawecki & Szlezak; Weil, Gotshal & Manges; White & Case	Kinstellar, Soltysinski Kawecki & Szlezak, and Cobalt have advised Stada Arzneimittel on the acquisition of Walmark from Mid Europa Partners. White & Case and Weil, Gotshal & Manges advised the sellers on the deal.	N/A	Czech Republic; Estonia; Hungary; Latvia; Lithuania; Poland
22-Nov	Abraham & Partners; MCL	MCL advised Air Ventures, a start-up investment fund, on the acquisition of a 15% stake in Czech mobile provider Cross Network Intelligence from two unnamed individuals. The sellers were advised by Abraham & Partners.	N/A	Czech Republic; Slovakia
25-Nov	ODI Law	ODI advised the Czech Republic's Ministry of Finance and its state-owned IMOB and PRISKO subsidiaries on the sale of a majority stake in Vipap Videm Krsko, a large Slovenian paper mill and newsprint manufacturer, to Czech-based Ridg Holding.	N/A	Czech Republic; Slovenia
18-Nov	TGS Baltic	TGS Baltic advised the shareholders of Tallinn-based Eesti Digiraamatute Keskus on the sale of a majority shareholding to Russia publisher OOO Litres.	N/A	Estonia
28-Nov	Ellex (Raidla); TGS Baltic	Ellex Raidla advised Auto-Bon Oy on the acquisition of Veho's Estonian subsidiary, Veho Eesti AS. Veho was advised by TGS Baltic.	N/A	Estonia
13-Dec	Ellex; Eversheds Sutherland	Ellex Raidla has advised IM Arvutid AS on its sale to UP Invest OU, an investment company controlled by Margus Linnamae. Eversheds Sutherland advised the buyers.	N/A	Estonia
18-Nov	Freshfields; Kyriakides Georgopoulos	Kyriakides Georgopoulos and Freshfields Bruckhaus Deringer advised the Hellenic Financial Stability Fund on a long-term strategic partnership between Piraeus Bank and Intrum and the establishment of a credit management servicer in Greece.	N/A	Greece
19-Nov	Koutalidis	Koutalidis advised the Southbridge Europe Mezzanine investment fund and other unidentified sellers on the sale of the Arivia group to Upfield.	N/A	Greece
19-Nov	KLC	The KLC Law Firm advised Forum S.A., a Greek company specialized in the field of trade show organizations and trade magazine publications, on its acquisition of an 80% stake in the NuernbergMesse Group.	N/A	Greece
19-Nov	DLA Piper; Dr. Zsolt Szita; Lanchidi & Partners	DLA Piper advised Vanessa Research and its Hungarian subsidiary on a change of ownership and company structure. The sell-side of the transaction was advised by Zsolt Szita and Lanchidi & Partners.	N/A	Hungary
22-Nov	Kinstellar; Lakatos, Koves & Partners	Lakatos, Koves & Partners advised the Indotek Group on its acquisition of Hungary's Miskolc Plaza, Duna Plaza, Gyor Plaza, and Corvin Plaza shopping centers from Klepierre. Kinstellar advised the sellers.	N/A	Hungary
15-Nov	Primus Derling	Primus Derling advised AS Sakret Holdings on its issuance of 5-year bonds worth almost EUR 4 million and the registration of collateral for them in Latvia, Lithuania, and Estonia.	EUR 4 million	Latvia
15-Nov	Azanda & Partners; Primus Derling	Primus Derling advised AJ Power Recycling on the acquisition of 100% of the shares of SIA Latvijas Zalais Fonds. Azanda & Associates advised the sellers on the deal.	N/A	Latvia
18-Nov	Ellex (Klavins)	Ellex Klavins successfully represented Deaflympics athlete Maris Grenins before the Supreme Court of the Republic of Latvia, which on November 5th ruled that the Latvian Cabinet of Ministers had acted improperly in making an unusually low cash award to Grenins following his success in the 2013 Summer Deaflympic Games.	N/A	Latvia

Date covered	Firms Involved	Deal/Litigation	Value	Country
21-Nov	Njord	Njord Latvia successfully represented Grovema BV, a Dutch seller of Liebherr parts and machines, in a dispute with SIA Mark Investa involving invoices for machines and parts that had been delivered but not paid for.	N/A	Latvia
13-Dec	CMS; Cobalt; Herbert Smith Freehills; Sorainen	Sorainen Latvia and Herbert Smith Freehills advised MM Capital Infrastructure Fund I, a Marubeni-backed fund, on the acquisition of a 29.06% interest in JSC Conexus Baltic Grid, a unified natural gas transmission and storage operator in Latvia, from Marguerite Gas I. Marguerite was advised by CMS London and Cobalt on the transaction.	N/A	Latvia
15-Nov	CEE Attorneys; Cobalt	Cobalt advised Lithuania's LF Property on the sale of the Gostauto 40 business center in Vilnius to UAB AJ Projektai. CEE Attorneys advised UAB AJ Projektai on the deal.	N/A	Lithuania
15-Nov	Cobalt; Triniti	Cobalt advised the shareholders of Danpower Baltic on the sale of 50% of their shares to French renewable energy group Idex – a subsidiary of Antin Infrastructure Partners. Idex bought another 40% of Danpower Baltic shares from UAB GECO Investicijos, which retains its 10% stake in the company. Triniti advised Idex on the deal.	N/A	Lithuania
19-Nov	Linklaters; Sorainen	Sorainen and Linklaters are advising the Ministry of Finance of Lithuania, the European Commission, and the EBRD on an EC-funded project aimed at promoting green investment in Lithuania. The project is funded via the Structural Reform Support Programme in collaboration with the European Commission Structural Reform Support Service.	N/A	Lithuania
19-Nov	Magnusson	Magnusson advised the Von Elk Company, known for Gloet, a popular sparkling glogg in the Nordic countries, on its cooperation with Nordic alcoholic beverage company Altia.	N/A	Lithuania
22-Nov	Glimstedt	Glimstedt advised the Iron Wolf Capital venture capital fund on its investment of EUR 570,000 in UAB Sprana, a manufacturer of industrial spectrometers.	EUR 570 000	Lithuania
25-Nov	TGS Baltic	TGS Baltic was selected as legal advisor to the European Investment Bank on Lithuania's multi-apartment building modernization.	N/A	Lithuania
4-Dec	Cobalt	Cobalt advised French real estate investment fund Corum on the acquisition of 22,000 square meter large Depo DIY store in Kaunas.	N/A	Lithuania
6-Dec	Cooley; Orrick, Herrington & Sutcliffe; Taylor Wessing; Wilson Sonsini Goodrich & Rosati	Orrick advised Sprint Capital on its investment in Vinted, a website marketplace for second-hand fashion. Other backers included Lightspeed Venture Partners, Insight Venture Partners, Accel, and Burda Principal Investments. Taylor Wessing and Wilson Sonsini advised Vinted and Cooley advised Lightspeed Venture Partners on the deal.	EUR 128 million	Lithuania
6-Dec	Walless	Walless helped PayRay, a capital financing company based in Lithuania, obtain a full banking license from the Bank of Lithuania and the ECB.	N/A	Lithuania
9-Dec	Fort	Fort Legal advised Eika Real Estate Fund on its acquisition of Vilnius's Highway business center – an A+ class building with total leasable space of 5700 square meters.	N/A	Lithuania
12-Dec	Dentons; Magnusson; Sorainen; TGS Baltic; White & Case	Sorainen and White & Case advised joint lead managers JP Morgan and BNP Paribas on Avia Solutions Group's five-year bond issue with a total value of USD 300 million. The Avia group was advised by Dentons, Magnusson, and TGS Baltic.	USD 300 million	Lithuania
15-Nov	Allen & Overy; Clifford Chance; Dentons; DLA Piper; White & Case	Dentons advised Spain's Comsa S.A.U. on debt restructuring and its issue of new shares in Trakcja PRKil S.A., a Polish infrastructure and energy company listed on the Warsaw Stock Exchange. DLA Piper advised Trakcja on the deal, White & Case advised the insurance companies, and Clifford Chance advised the Industrial Development Agency. Allen & Overy reportedly advised the banks.	EUR 230 million	Poland
15-Nov	BDO Legal; Vessel	Gessel advised Polimex Mostostal on the acquisition of a majority stake in Energomontaz – Polnoc Belchatow, a specialized designer, producer, and installer of steel structures, power generation devices, and industrial operations. BDO Legal advised Energomontaz - Polnoc Belchatow on the deal.	N/A	Poland
15-Nov	Dentons; Weil, Gotshal & Manges	Dentons advised Cavatina Holding on preliminary agreements for the sale of two Polish office buildings – Chmielna 89 in Warsaw and Tischnera Office in Krakow – to Globalworth. Weil Gotshal & Manges advised the sellers.	N/A	Poland
18-Nov	RKKW	RKKW advised Harvent Capital on its agreement to invest in the construction of a holiday apartment complex on the Polish coast.	PLN 23 million	Poland
19-Nov	Norton Rose Fulbright	Norton Rose Fulbright advised Santander Bank Polska S.A. and Bank BNP Paribas Bank Polska S.A. on loans to companies operating the DUKA, Miloo Home, and Incood consumer brands in Poland.	N/A	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
19-Nov	SK&S	SK&S advised IB Vogt, a German photovoltaic company operating in Europe, Africa, Asia, and Australia, on its investment in a portfolio of PV companies in Poland.	N/A	Poland
20-Nov	Mrowiec Fialek & Partners; Ostrowski And Partners	Mrowiec Fialek and Partners advised Schindler Polska sp. z o.o. on the acquisition of 100% of the share capital of Torun-based DZWIG Polska sp. z o.o. Ostrowski and Partners advised DZWIG on the deal.	N/A	Poland
25-Nov	Noerr	Noerr advised TAG Immobilien AG on its EUR 85 million acquisition of Vantage Development S.A., a real estate developer operating in Western Poland.	EUR 85 million	Poland
25-Nov	Studnicki, Pleszka, Cwiakalski, Gorski	SPCG persuaded Poland's Supreme Court to dismiss a cassation complaint from the President Poland's competition authority regarding an alleged anti-competitive agreement of telecommunications providers.	N/A	Poland
26-Nov	Crido Legal; DLA Piper	Crido Legal has advised PZU Zdrowie on the acquisition of Tomma Diagnostyka Obrazowa, a network of diagnostic centers, from the Tar Heel Capital private equity fund. DLA Piper advised the sellers.	N/A	Poland
26-Nov	Dentons	Dentons advised Mitsui & Co. and J-Power Investment Netherlands B.V on the sale of Poland's Zajaczkowo wind farm to the Green Investment Group.	N/A	Poland
26-Nov	CMS; Grant Thornton	CMS advised CEE Equity Partners – the investment advisor to the China Central and Eastern Europe Investment Co-operation Fund II – on its acquisition of a majority stake in EuroWagon Sp. z o.o. Grant Thornton's Poznan-based transaction advisory and legal arm advised the unidentified sellers.	N/A	Poland
28-Nov	Linklaters	Linklaters helped Panattoni Europe negotiate the terms of a lease for logistics space in the Panattoni Business Center Lodz III with Sealed Air.	N/A	Poland
6-Dec	DLA Piper; SSW Pragmatic Solutions	SSW Pragmatic Solutions advised the owner of Kospel S.A. on the sale of a 100% stake in the company to the Viessmann Group. DLA Piper advised the Viessmann Group on the deal.	N/A	Poland
6-Dec	Bryan Cave Leighton Paisner; DWF	DWF advised Sonoco Products on the acquisition by its subsidiaries of the Thermoform and Plastique Group. The unnamed sellers were advised by Bryan Cave Leighton Paisner on the transaction.	N/A	Poland
6-Dec	Greenberg Traurig	Greenberg Traurig advised CP Retail BV, a Capital Park Group subsidiary, on the sale of a stake in Dakota Investment, the owner of the Eurocentrum Office Complex in Warsaw.	N/A	Poland
6-Dec	Greenberg Traurig	Greenberg Traurig helped Cyfrowy Polsat S.A. obtain a PLN 1 billion incremental facility from unnamed Polish and foreign institutions. Norton Rose Fulbright advised agent and lenders UniCredit Bank AG London Branch.	PLN 1 billion	Poland
6-Dec	SMM Legal	SMM Legal helped the Polish branch of Coventry University open a campus in Wroclaw.	N/A	Poland
9-Dec	Linklaters; SSW Pragmatic Solutions	SSW Pragmatic Solutions advised the owners of Masterchem on their sale of a majority stake in the company – a Polish manufacturer of PET containers – to the Logoplaste Group, a producer of rigid plastic containers. Linklaters advised Logoplaste on the deal.	N/A	Poland
9-Dec	Dentons	Dentons helped GPW Benchmark obtain permission from the Polish Financial Supervision Authority to administer all stock exchange indices, including the WIG20, mWIG40, sWIG80, and NCIndex, as well as the TBSP Index.	N/A	Poland
11-Dec	SSW Pragmatic Solutions; Wardynski & Partners	SSW Pragmatic Solutions advised Boryszew S.A on the sale of its Impexmetal S.A. subsidiary to Sweden's Granges AB, a manufacturer of aluminum products. Wardynski & Partners advised Granges on the transaction.	PLN 1 billion	Poland
12-Dec	CMS; Domanski Zakrzewski Palinka	CMS advised the Local Government Investment Fund, managed by the Polish Development Fund, on its approximately PLN 100 million acquisition of a 25% stake in the Wodociagi I Kanalizacja water utility company from the city of Opole in Poland. Domanski Zakrzewski Palinka advised the city of Opole.	PLN 100 million	Poland
12-Dec	Deloitte Legal; Noerr	Noerr advised Papierfabrik Adolf Jass GmbH & Co. KG on the acquisition of Convert PL sp. z o.o., owned by Ostoja I Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, a closed-end investment fund backed by the Giermaziak family. Convert PL was advised by Deloitte Legal on the transaction.	N/A	Poland
15-Nov	Deloitte Legal (Reff & Associates); Wolf Theiss	Reff & Associates – the Romanian arm of Deloitte Legal – assisted Denmark's Vestas Wind Systems on the sale of 80% of its subsidiaries owning the Pantelimon, Pegasus, and Apollo wind power plants, to IRI Investments, a Romanian subsidiary of the Ingka Group. Wolf Theiss advised the buyers.	EUR 136 million	Romania
15-Nov	Nestor Nestor Diculescu Kingston Petersen	Nestor Nestor Diculescu Kingston Petersen advised Edenred, a company issuing cards and benefits vouchers for employees, on its acquisition of Benefit Online, an extended platform for flexible extra-wage benefits in Romania.	N/A	Romania

Date covered	Firms Involved	Deal/Litigation	Value	Country
19-Nov	Stratulat Albuлесcu	Stratulat Albuлесcu advised Titluri Quality S.R.L. on its acquisition of all the publishing activities of Gandul, Apropos, Ce Se Intampla Doctore, Descopera, and Go4IT from Mediafax. The transaction also included the acquisition of all related Internet domains, specific operating equipment, and the transfer of employees.	N/A	Romania
19-Nov	Stratulat Albuлесcu	Stratulat Albuлесcu advised Amphenol on its acquisition of the Romanian subsidiaries of GJM, a Spanish original equipment manufacturer of key components for the automotive industry.	N/A	Romania
22-Nov	Filip & Company; Nestor Nestor Diculescu Kingston Petersen	Nestor Nestor Diculescu Kingston Petersen assisted businessman Vicentiu Zorzolan on the sale, made with his partner Octavian Radu, of the shares held in Sistec Next Docs and Sistec Confidential to Inform Lykos. Inform Lykos and Octavian Radu were advised by Filip & Company.	N/A	Romania
26-Nov	Suciu Popa	Suciu Popa successfully represented Italian energy company Enel in an ICC arbitration against the Romanian state in Paris.	EUR 130 million	Romania
28-Nov	Bulboaca & Asociatii; Jones Day; Kirkland & Ellis; Wolf Theiss	Wolf Theiss worked alongside Jones Day and Kirkland & Ellis in advising Blackstone Tactical Opportunities on its EUR 175 million acquisition of a minority stake in Romania's Superbet Group. Romania's Bulboaca & Asociatii worked alongside global counsel Herzog, Fox & Neeman in advising the sellers.	EUR 175 million	Romania
5-Dec	Eversheds Sutherland; Wolf Theiss	Wolf Theiss advised the shareholders of Adeplast on the sale of 100% of the company's shares to the Sika Group. The buyers were advised by Eversheds Sutherland on the transaction.	N/A	Romania
9-Dec	RTPR; Allen & Overy	RTPR Allen & Overy advised Autonom Services S.A. on its issuance of corporate bonds.	N/A	Romania
11-Dec	Filip & Company; Nestor Nestor Diculescu Kingston Petersen; Popovici Nitu Stoica & Asociatii	Popovici Nitu Stoica & Asociatii advised BRD Groupe Societe Generale on its co-investment with Raiffeisen Bank and BCR in CIT One. BCR and CIT One were advised by Filip & Company, while Raiffeisen Bank was advised by Nestor Nestor Diculescu Kingston Petersen.	N/A	Romania
18-Nov	Dentons	Dentons advised the minority shareholders of Russ Outdoor LLC, Russia's largest outdoor advertising operator, on the sale of their combined 48.57% stake in Dutch parent company Russ Out of Home BV to the owners of the third-largest operator in the sector, Vera-Olymp.	RUB 4 billion	Russia
25-Nov	Nadmitov, Ivanov & Partners	Nadmitov, Ivanov & Partners successfully represented Gazprom Energo before the Supreme Court of the Russian Federation in a dispute over the legality of a "normative legal act" involving the tariff for the transmission of electric energy.	N/A	Russia
26-Nov	Dentons	Dentons advised the Stada group on a USD 660 million purchase of more than 20 prescription and over-the-counter drugs and dietary supplements from the Takeda group.	USD 660 million	Russia
27-Nov	Herbert Smith Freehills	Lawyers in the Moscow office of Herbert Smith Freehills joined the firm's multi-jurisdictional team advising the Anex Group on its acquisition of Intourist, Bucher Reisen, and Oger Tours. All three travel businesses were part of the insolvent Thomas Cook Group.	N/A	Russia
29-Nov	Herbert Smith Freehills; Hiswara Bunjamin & Tandjun	Herbert Smith Freehills and Indonesian associate firm Hiswara Bunjamin & Tandjung advised a joint venture of Pertamina-Rosneft on engineering contracts for a new USD 16 billion refinery in Tuban, East Java, designed to increase Pertamina's refining capability and strengthen Rosneft's presence in the Asia-Pacific petroleum market.	USD 16 billion	Russia
4-Dec	DLA Piper	DLA Piper acted as lead tax advisor to several shareholders of Familia, a Russian off-price apparel and home fashions retailer, on the USD 225 million sale of a 25% stake to TJX Companies Inc.	USD 225 million	Russia
6-Dec	Debevoise; Kempernik Maarschalkerweerd Wouters	Debevoise & Plimpton advised the Special Committee of the Board of Directors of Nasdaq-listed Yandex N.V. on a restructuring of the company's corporate governance. Kemperink Maarschalkerweerd Wouters acted as co-counsel.	N/A	Russia
12-Dec	DLA Piper; LCA Studio Legale	Lawyers from DLA Piper's Moscow office joined the firm's multi-jurisdictional team advising Evraz, a steel and mining company listed on the London Stock Exchange and a constituent of the FTSE 100 index, on its sale of Evraz Palini e Bertoli to the Marcegaglia Group, an Italy-based company in the steel processing sector. Marcegaglia was advised by LCA Studio Legale.	EUR 40 million	Russia
21-Nov	BDK Advokati; JPM Jankovic Popovic Mitic	BDK Advokati advised the Labiana Group on the acquisition of all issued shares in the Veterinary Institute of Subotica (Vetzavod), a Serbian animal vaccine producer. Labiana acquired 67.05% of Vetzavod shares from Victoria Group AD and 32.95% from Sojaprotein AD. Jankovic Popovic Mitic advised the sellers on the deal.	N/A	Serbia

Date covered	Firms Involved	Deal/Litigation	Value	Country
22-Nov	Karanovic & Partners	Karanovic & Partners advised family-owned automotive industry supplier Brose on the acquisition of 23 hectares of land from the Republic of Serbia for the construction of a plant and a research center that will produce automotive equipment.	EUR 180 million	Serbia
4-Dec	Karanovic & Partners; Zdolsek	Karanovic & Partners advised NIBE Industries AB on its acquisition of the TIKI Group, Gorenje's Serbian subsidiary. The TIKI Group was advised by the Zdolsek law firm.	N/A	Serbia
10-Dec	BDK; Parivodic; PwC Legal	BDK Advokati advised Eldorado Gold on the sale of its two Serbian mining companies, Tara Gold and South Danube Metals, to Ibaera Capital, an Australian PE focused on exploration and project development. Ibaera Capital was advised by PWC Legal.	N/A	Serbia
21-Nov	BPV Braun Partners	BPV Braun Partners advised ConBrio Beteiligungen, a German investment holding company focused on small and midcap transactions in the DACH region, on the purchase of a majority stake in Europin. The sellers were advised by Arquis in Germany and Eversheds Sutherland Dvorak Hager in Slovakia.	N/A	Slovakia
22-Nov	MCL	MCL helped SurgLogs, an American medical startup, establish a subsidiary in Slovakia.	N/A	Slovakia
25-Nov	Bartosik Svaby; MCL	MCL advised MiddleCap Group on its acquisition of nine Future Vision Optics centers in the Tesco supermarket network from Galaxy Optical Services Slovakia. Bartosik Svaby advised Galaxy Optical Services on the deal.	N/A	Slovakia
26-Nov	CMS; MCL; Vrba & Partners	MCL advised Italy's Bauli SpA on its acquisition of an unspecified majority stake in MaxSport, a Slovak manufacturer of health and protein food products. The unidentified sellers were advised by CMS and Vrba & Partners.	N/A	Slovakia
6-Dec	Cerha Hempel; Jank Weiler Operenyi	Cerha Hempel advised Raiffeisen Property Holding International on its sale of the Tatracentrum in Bratislava to an unnamed private foundation, which was advised by Jank Weiler Operenyi.	N/A	Slovakia
11-Dec	Allen & Overy; Stanek Vetrak & Partneri	Allen & Overy advised Vseobecna Uverova Banka on the sale and leaseback of its real estate portfolio to the Czech Republic's Franco Real Estates s.r.o. Stanek Vetrak & Partneri advised Franco Real Estate on the deal.	N/A	Slovakia
12-Dec	Bird & Bird; K&L Gates; Norton Rose Fulbright	Bird & Bird has advised ForVEI II, a joint venture vehicle set up by Foresight and the VEI Green, on its acquisition of 35 photovoltaic plants in Italy and Slovakia from the Origis Group. K&L Gates advised Origis on the deal, while Norton Rose Fulbright advised the financing banks, Deutsche Bank, Cooperatieve Rabobank U.A., and Landesbank Baden-Wuerttemberg.	N/A	Slovakia
15-Nov	Paksoy	Paksoy advised Sofra Yemek Uretim ve Hizmet A.S., a subsidiary of Compass Group Plc, on its acquisition of Turkish catering services company Turkas from the Cokmez family. KKO Legal advised Turkas on the deal.	N/A	Turkey
21-Nov	Paksoy	Paksoy advised Turkey's Migros Ticaret supermarket chain on the acquisition of 25% of the share capital in Paket Lojistik ve Teknoloji.	N/A	Turkey
22-Nov	Bezen & Partners	Bezen & Partners advised Transmark Turkey, a Turkish geothermal development company, on an EPC contract with Chinese supplier Zhejiang Kaishan Compressor and its subsidiary Open Mountain Energy for the construction of a binary geothermal power plant in Canakkale, Turkey.	N/A	Turkey
22-Nov	Allen & Overy; Dentons; Dentons (Baseak)	Dentons and Balcioglu Selcuk Akman Keki Avukatlik Ortakligi advised Czech-based hydroelectricity group Energo-Pro on securing EUR 175 million in financing for the development, construction, and operation of the Alpaslan 2 dam and hydropower plant in Turkey. The financing was arranged by MUFG Securities EMEA plc and Ceska Exportni Banka, and is partially backed by the Export Guarantee and Insurance Corporation, with HSBC acting as the security agent. Allen & Overy advised MUFG and HSBC on the deal.	EUR 175 million	Turkey
29-Nov	BTS & Partners	BTS & Partners advised Biznet Bilisim Sistemleri ve Danismanlik Sanayi Ticaret and its former shareholder, FVD AS, on FTA Bilisim Hizmetleri's investments in the company and SR Bilisim Yonetim Hizmetleri Ticaret Securrent.	N/A	Turkey
11-Dec	J&A Garrigues; Latham & Watkins; Noerr; Ozbek Attorney Partnership; Paksoy; Pinheiro Neto Advogados; Shearman & Sterling	Paksoy and Shearman & Sterling advised DBAG Fund VII and Deutsche Beteiligungs AG on the acquisition of a majority stake in Cartonplast Group from London-based financial investor Stirling Square Capital Partners. The Ozbek Attorney Partnership advised Stirling Square Capital on the transaction, as did Latham & Watkins, J&A Garrigues, Pinheiro Neto Advogados, and Noerr Bieddecki.	N/A	Turkey
15-Nov	Sayenko Kharenko	Sayenko Kharenko advised the EBRD on its loan of up to EUR 116 million to Kronospan UA, a manufacturer of wood-based panels.	EUR 116 million	Ukraine

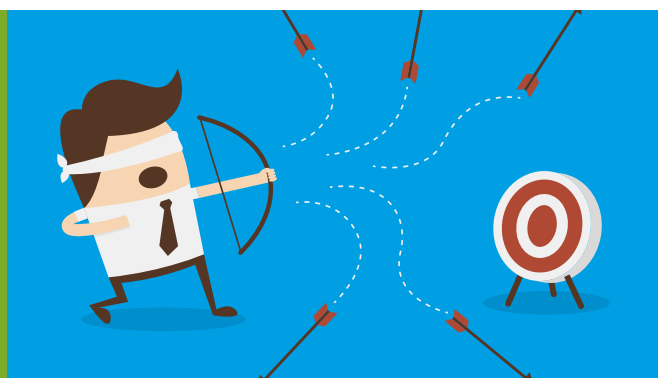
Date covered	Firms Involved	Deal/Litigation	Value	Country
20-Nov	Vasil Kisil & Partners	Vasil Kisil & Partners successfully represented Miniso Ukraine in a VAT dispute worth over UAH nine million.	UAH 9 million	Ukraine
21-Nov	Borovyk & Partners	Borovyk & Partners advised Switzerland's Geberit Group, a European manufacturer of sanitary parts and related systems, on a squeeze-out of minority shareholders of Ukraine's PJSC Slavuta Plant Budfarfor.	N/A	Ukraine
25-Nov	Avellum; Sayenko Kharenko	Sayenko Kharenko acted as Ukrainian legal counsel to joint-bookrunners Deutsche Bank, Natixis, and UniCredit on Metinvest's dual-currency Eurobond issuance. Avellum advised Metinvest on the issuance.	EUR 754 million	Ukraine
25-Nov	Marchenko Partners	Marchenko Partners acted as legal counsel to Western NIS Enterprise Fund in connection with the Impact Investing Program, which was initiated in 2016 in partnership with Oschadbank and Kredobank to provide social enterprises with access to Hryvnia-denominated low-interest loans.	N/A	Ukraine
25-Nov	Eterna Law	Eterna Law successfully defended the interests of PJSC "Stevedoring Company Avlita" in a tax dispute.	N/A	Ukraine
26-Nov	Aequo; Avellum; Freshfields; White & Case	Aequo and Freshfields Bruckhaus Deringer advised NJSC Naftogaz on the company's return to the market with EUR 500 million 7-year Eurobonds at 7.625% p.a., its second capital markets transaction in 2019. Avellum and White & Case advised lead-manager and book-runner Citibank.	EUR 500 million	Ukraine
26-Nov	CMS	CMS advised a syndicate of banks led by ING and UniCredit as mandated lead arrangers on the extension and increase of a pre-export credit facility to Ukraine's Kernel Group.	USD 100 million	Ukraine
26-Nov	Everlegal	Everlegal advised UDP Renewables on the launch of the Pervomajsk project, a 6.5 MW solar power plant in the Mykolaiv region of Ukraine.	EUR 5 million	Ukraine
27-Nov	Integrites	Integrites advised UMITLI, a Turkish developer of renewable energy facilities, on the construction of three photovoltaic plants with a total capacity of 26 MW in the Dnipropetrovsk region of Ukraine.	USD 30 million	Ukraine
29-Nov	KPD Consulting	KPD Consulting helped System Fort LLC reclaim the right to unidentified property and eliminate discrepancies between current and archived records of the State Register of Proprietary Rights to Real Property.	N/A	Ukraine
2-Dec	Sayenko Kharenko	Sayenko Kharenko advised joint lead managers Raiffeisen Bank International and Renaissance Capital on the EUR 325 million Eurobond issue by DTEK Renewables, a first-ever issue of notes under the green bond framework by a business from Ukraine.	EUR 325 million	Ukraine
6-Dec	Avellum; Latham & Watkins; Sayenko Kharenko	Avellum advised Kernel Holding S.A. on its offering of guaranteed notes due 2024. Joint lead managers ING Bank N.V., London Branch, and J.P. Morgan Securities plc were advised by Latham & Watkins and Sayenko Kharenko.	USD 300 million	Ukraine
6-Dec	Asters	Asters advised Green Genius, a renewable energy company that is part of Modus Group International, on the construction of 14 MW solar power plant in the village of Zalukva in the Ivano-Frankivsk region of Ukraine.	N/A	Ukraine
11-Dec	Avellum	Avellum helped Ufuture obtain merger control clearance from the Antimonopoly Committee of Ukraine for the partial sale of its stake in LvivTech.City to unnamed buyers.	N/A	Ukraine
12-Dec	Ilyashev & Partners	Ilyashev & Partners successfully represented the Ukrichflot Shipping Company before the Supreme Court of Ukraine in a dispute with Ukrainian Railways.	N/A	Ukraine

Full information available at: www.ceelegalmatters.com

Period Covered: November 15, 2019 - December 13, 2019

DID WE MISS SOMETHING?

We're not perfect; we admit it. If something slipped past us, and if your firm has a deal, hire, promotion, or other piece of news you think we should cover, let us know. Write to us at: press@ceelm.com



ON THE MOVE: NEW HOMES AND FRIENDS

Weil Withdraws from Warsaw



On January 1, 2020, Weil, Gotshal & Manges withdrew from Poland, the firm's last presence in Central and Eastern Europe, with the firm's Warsaw-based partners taking over the office to operate going forward as Rymarz Zdort.

"Operating as Rymarz Zdort will give us more flexibility in aligning our strategy to the needs of the local market and will facilitate the adaptation of the firm's profile to current market trends," said Partner Pawel Rymarz. "We are very pleased with the terms agreed with Weil on which we are taking over the office's operations; these arrangements will allow us to continue as before using the same technical and office resources."

According to a Rymarz Zdort press release, "apart from the new name, the change is a purely formal ownership transition, while all remaining aspects of its business activity, such as the range of legal services provided, the team, client engagements and even bank account numbers will remain unchanged and will not cause any complications on the operating level."

By withdrawing from Poland, and following the closure of its Budapest and Prague offices last year, Weil concludes its presence in Central Europe.

"Weil and its Warsaw partners have agreed that the Warsaw



office will be spun out from Weil to be owned and operated by these partners as an independent firm,” said Weil Executive Partner Barry Wolf. “The Warsaw office will thus seamlessly continue its best-in-class legal practice in Poland. This evolution reflects the changing nature of the practice in Poland and will allow our Polish partners more freedom and flexibility. We anticipate referral of client work between Weil and this new Polish office, as appropriate, going forward. Over the years, our Warsaw office has been a leader in the region, involved in many significant transactions in Poland. We are very proud of all that our colleagues have achieved and we know they will continue to accomplish great things. We thank them for their many contributions to Weil and wish them all the best.”

“More than 25 years of working within a global structure of such a reputable service firm as Weil, Gotshal & Manges has been an invaluable time for building a broad range of skills and spearheading the use of bold and often innovative solutions on the Polish market,” said Partner Pawel Zdort. “To-

gether, we have managed to create a firm whose attorneys have handled the largest and most high-profile M&A and ECM transactions in Poland; we are known for providing top-notch services, and this is a joint success for which we would like to thank our colleagues from the other Weil offices. As is the case with all sectors, there are times in a law firm’s life cycle when being in a partnership yields benefits and those when the partners reach the mutual conclusion that a new opening will be the best solution for both parties. Weil will pursue the strategy of focusing on markets where the network’s main global clients have a presence, while Rymarz Zdort will have more leeway in developing and expanding new departments and will be able to welcome new partners.”

By David Stuckey

Andersen Global Establishes Relationship with Sajic in Bosnia and Herzegovina



Less than a month after entering Slovenia, Andersen Global has entered into a collaboration agreement with Banja Luka-based Sajic in Bosnia and Herzegovina.

Sajic becomes the fourth firm in the region to sign a collaboration agreement with Andersen Global in the last month, following Miro Senica and Attorneys in Slovenia (as reported by CEE Legal Matters on October 28, 2019), Kallay & Partners in Croatia, and JSP in Serbia.

Sajic was founded by Managing Partner Aleksandar Sajic in 2003 and now includes four partners and almost 20 lawyers. Its agreement with Anderson Global expands the latter’s coverage to include nearly 65 countries around the world.

“Collaborating with Andersen Global enhances our service offerings and extends our cross-border reach,” said Sajic. “The organization’s global platform allows us to expand our capabilities and bring the benefits of a global firm to our clients.”

“The addition of Sajic provides us with a formidable solution in the region that will enable our firm to compete with the top firms in the region,” said Mark Vorsatz, Andersen

Global Chairman and Andersen CEO. “Aleksandar and his team already have solid working relationships with our other legal firms in the region ... and we will continue to add quality groups that embrace our values and bolster our ability to provide seamless, best-in-class client solutions worldwide.”

By David Stuckey

Dokleestic Repic & Gajin Creates Correspondent Offices in Montenegro and Bosnia and Herzegovina



Serbia’s Dokleestic Repic & Gajin established what it calls “correspondent law offices” in Montenegro and Bosnia and Herzegovina, in the form of Podgorica’s Danilo Radulovic Law Firm and Sarajevo’s Karabdic Law Office, respectively.

Danilo Radulovic holds a law degree and an MBA from the University of Montenegro. Prior to starting his legal practice in Podgorica in 2013, he spent seven years at Hypo Alpe-Adria Leasing, including two years as Head of Legal. Dokleestic Repic & Gajin Partner Slobodan Dokleestic describes Radulovic as “a great lawyer with substantial experience in all areas of commercial and business law in Montenegro.”

According to Dokleestic Repic & Gajin, “established in 1956, Karabdic Law Office provides a full range of legal services in Bosnia and Herzegovina to local and international clients. The lead attorney of the office, Mr. Kerim Karabdic, has a plethora of experience in all areas of business law and has been repeatedly recognized as a leading commercial lawyer in Bosnia and Herzegovina by Chambers Europe and Legal 500 EMEA.” According to the firm, “from DR&G’s head office in Belgrade, the partner in charge of Bosnia and Herzegovina will be Dr. Dragan Gajin, who is Head of Competition at the firm.”

“We are happy to have on board Kerim and his team,” Dragan Gajin said. “We have already worked with him on several projects in Bosnia and Herzegovina, so this is only upgrading our existing relationship of trust and cooperation. For

me personally, having a correspondent office in Bosnia and Herzegovina means a lot, as I have spent a part of my career between Belgrade and Sarajevo. I hope this cooperation with Karabdic Law Office will bring me more opportunities to be in that beautiful city.”

By David Stuckey and Djordje Radosavljevic

Zamfirescu Racoti Vasile & Partners Grows Via Merger



Dumitrescu Bajenaru Oancea has merged with Zamfirescu Racoti Vasile & Partners in Bucharest, with Andrei Dumitrescu, Mihai Bajenaru, and Robert Oancea joining ZRVP’s management team as partners effective on January 1st, 2020.

The consolidation will boost ZRFP’s headcount to 65 lawyers, including 13 partners and 30 staff members.

“In a legal market during an era of spin-offs, ZRVP is the only leading Romanian law firm grown out of a merger,” said ZRVP Managing Partner Cosmin Vasile. “We have been breeding top lawyers in the last 24 years and have evolved and developed our capabilities with the help of our own trained teams. Now it’s time to add external forces to our operations and to strengthen our ability to handle large projects. Starting with January 1st, 2020, ZRVP will integrate DBO, creating a powerful team of 65 lawyers able to meet more effectively the significant increase in demand we are seeing in all practice areas, as well as the ever-growing challenges of the business market. I am positive that the future will reflect the favorable outcome of the step we are taking now.”

“The project we have developed in the last ten years has been following the general trends of the market,” added Andrei Dumitrescu, “allowing us to seize the benefits of the particularities a small-sized law firm has to offer: fostering a close relationship with our clients and developing long-term partnerships with our stakeholders. This transaction supports the growth strategy and the goals set for the team coordinated by Mihai Bajenaru and me. Hence, the decision to join ZRVP is, past all doubt, the best decision to make.”

By David Stuckey

Popovski & Partners Launches in North Macedonia



Former Polenak Partner Tatjana Popovski Buloski and several colleagues have left that firm to launch Popovski and Partners in North Macedonia.

Buloski, who co-founded Polenak in 2007, is Managing Partner of Popovski and Partners, where she is joined by fellow partners Jana Dukovska Despotovska (who joined Polenak in 2015 after spending 11 years with the Pepeljugin Law Office) and Ognjen Martinov (who spent the past seven years with Polenak), as well as lawyers Andrijana Volcevska, Anasztazija Anastasovska, and Angela Milanovska.

By David Stuckey

Apak Uras Law Firm Opens for Business in Istanbul



The Apak Uras Law Firm has opened its doors, founded by former Gur Law Firm partners Sena Apak and Selin Uras.

Apak and Uras, who will share management responsibilities, are joined by three other ex-Gur lawyers, Berk Can Biren, Derya Apaydin, and Ecem Yildirim, and two trainees.

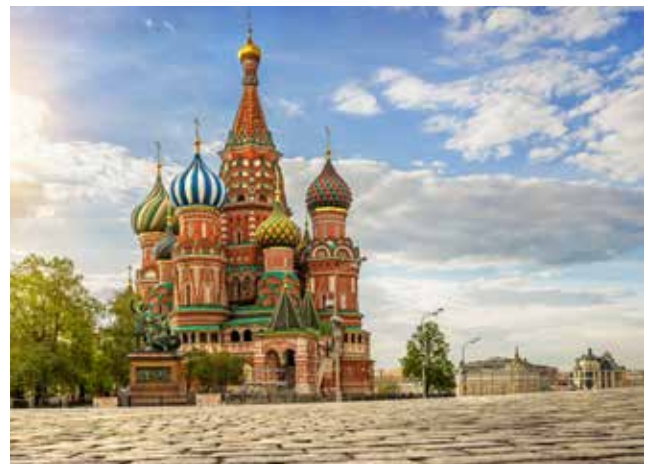
According to co-Managing Partner Sena Apek, “we are a full-service commercial law firm assisting and representing

clients both in Turkey and internationally. Our main practices areas consist of: Corporate and M&A, Shipping & Transportation, Litigation & Dispute Resolution, Banking & Finance, Real Estate & Construction, Employment, Immigration, Energy, Debt Recovery, General Tax Consultancy, Data Protection, Intellectual Property, Competition, Capital Markets and Regulation & Trade.”

The firm has offices in both the European and Asian parts of Istanbul.

By David Stuckey

Prime Advice Opens Criminal Law Practice



Russia’s Prime Advice law firm has launched a new Criminal Law practice, specializing in economic crimes and led by Partner Alexey Petukhov.

Petukhov has a Law degree from the Moscow Law Institute of the Ministry of Internal Affairs of Russia and a degree in Finance from the Higher School of Economics. He worked for 13 years as an investigator in the Main Investigation Department of Main Department of the Ministry of Internal Affairs of Russia in Moscow, specializing in the investigation of economic crimes.

“As always, in any case, the most important thing is the team,” commented Prime Advice Managing Partner Inna Vavilova. “In such complex and difficult matters as criminal cases, you first of all must be confident in the integrity of the lawyer representing your interests and in his professionalism in this area. That is why we decided that Alexey is the person who will be able to lead the criminal practice of Prime Advice, and develop it and provide our clients with the most important value – real protection of their interests.”

By Djordje Radosavljevic

PARTNER MOVES

Date Covered	Name	Practice(s)	Moving From	Moving To	Country
3-Dec	Adam Liber	TMT/IP	Provaris Varga & Partners	Baker McKenzie	Hungary
3-Dec	Tamas Bereczki	TMT/IP	Provaris Varga & Partners	Baker McKenzie	Hungary
9-Dec	Tatjana Popovski Buloski	Energy/Natural Resources; CorporateM&A	Popovski & Partners	Polenak	North Macedonia
9-Dec	Jana Dukovska Despotovska	TMT/IP	Popovski & Partners	Polenak	North Macedonia
9-Dec	Ognen Martinov	Litigation/Disputes	Popovski & Partners	Polenak	North Macedonia
28-Nov	Pawel Zdort	Corporate/M&A	Rymarz Zdort	Weil, Gotshal & Manges	Poland
28-Nov	Pawel Rymarz	Corporate/M&A	Rymarz Zdort	Weil, Gotshal & Manges	Poland
12-Dec	Andrei Dumitrescu	Litigation/Disputes	Zamfirescu Racoti Vasile & Partners	Dumitrescu Bajenaru Oancea	Romania
12-Dec	Mihai Bajenaru	Banking/Finance; Corporate/M&A	Zamfirescu Racoti Vasile & Partners	Dumitrescu Bajenaru Oancea	Romania
12-Dec	Robert Oancea	Agribusiness; Banking/Finance	Zamfirescu Racoti Vasile & Partners	Dumitrescu Bajenaru Oancea	Romania
29-Nov	Irina Orlova-Panina	Tax	Nektorov, Saveliev & Partners	KPMG	Russia
20-Nov	Sena Apak	Corporate/M&A; Banking/Finance	Apak Uras	Gur Law Firm	Turkey
20-Nov	Selin Uras	Corporate/M&A; Maritime/Shipping	Apak Uras	Gur Law Firm	Turkey

IN-HOUSE MOVES AND APPOINTMENTS

Date Covered	Name	Company/Firm	Moving From	Country
22-Nov	Dominika Nosackova	CHEP	Coca-Cola HBC	Czech Republic
25-Nov	Ioannis Giannakakis	Andromeda Group	G+P Law Firm	Greece
25-Nov	Artur Bilski	Alior Bank	Ramp	Poland
25-Nov	Adam Brzezinski	MoneyGram International	Internal promotion	Poland
10-Dec	Przemyslaw Karolak	Kondracki Celej Adwokaci	Aon	Poland
20-Nov	Shaukat Valitov	Eterna Law	Mirax	Ukraine

PARTNER APPOINTMENTS

Date Covered	Name	Practice(s)	Firm	Country
5-Dec	Jan Jakoubek	Corporate/M&A	White & Case	Czech Republic
5-Dec	Karel Petrzela	Corporate/M&A	White & Case	Czech Republic
5-Dec	Ida Kucerova	Banking/Finance; Real Estate	White & Case	Czech Republic
5-Dec	Jakub Wolkowicz	Litigation/Disputes	White & Case	Poland
6-Dec	Wojciech Kapica	Banking/Finance	SMM Legal	Poland
9-Dec	Anita Palukiewicz	Energy/Natural Resources	SSW Pragmatic Solutions	Poland
9-Dec	Hubert Wysoczanski	Infrastructure/PPP/Public Procurement	SSW Pragmatic Solutions	Poland
10-Dec	Dan Cristea	Litigation/Disputes	Tuca Zbarcea & Asociatii	Romania
10-Dec	Ciprian Timofte	Corporate/M&A	Tuca Zbarcea & Asociatii	Romania
27-Nov	Konstantin Litvinenko	Energy/Natural Resources	Baker Botts	Russia
6-Dec	Milica Savic	Litigation/Disputes	Karanovic & Partners	Serbia
5-Dec	Vladimir Ivanco	Real Estate; Corporate/M&A	White & Case	Slovakia
12-Dec	Ceren Yildiz	TMT/IP; Compliance	ELIG Gurkaynak	Turkey

OTHER APPOINTMENTS

Date Covered	Name	Company/Firm	Appointed To	Country
22-Nov	Dominika Nosackova	CHEP	Coca-Cola HBC	Czech Republic
25-Nov	Ioannis Giannakakis	Andromeda Group	G+P Law Firm	Greece
25-Nov	Artur Bilski	Alior Bank	Ramp	Poland
25-Nov	Adam Brzezinski	MoneyGram International	Internal promotion	Poland
10-Dec	Przemyslaw Karolak	Kondracki Celej Adwokaci	Aon	Poland
20-Nov	Shaukat Valitov	Eterna Law	Mirax	Ukraine
4-Nov	Oleh Beketov	Eterna Law	Senior Partner	Ukraine

THE BUZZ

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

CROATIA: DECEMBER 3



“There haven’t been any large shifts in the Croatian legal landscape recently if we’re talking about legal offices, teams moving, exits, and so forth,” says Schoenherr Partner Miriam Simsa. “The general situation seems to be that established players have things pretty much in control and there is not a lot of room for new entries. Yet it is fair to say that the spin-offs have been increasing their market share over the last few years.”

That predictability is not mirrored in the political landscape, Simsa reports. “First, presidential elections are coming soon,” she says. “Then next year we have the EU presidency seat moving to Croatia, starting in January, and of course the upcoming general elections that are due late in 2020.” She believes this is unlikely to impact business in an adverse fashion.

“We really don’t expect any controversies to happen, in terms of business and investments. Even though there’s going to be a lot of voting next year, we expect things to continue running smoothly.”

And indeed, the Croatian economy seems to be in good condition, especially when compared to the rest of the region, Simsa says with a smile. “The most active business sector in Croatia is always tourism, and there are a lot of investments that are expected to happen in the coming years, but that’s not the most exciting thing,” she says. “Croatia has propped up a VC fund with the purpose of investing specifically in domestic startups and scale-ups. It has a Slovenian manager – Fil Rouge Capital – and rumor has it that it will manage a EUR 42 million portfolio with an aim to invest it all by 2023.”

Still, Simsa says of the economy that “not all is fine and dandy,” and she says there is a lot of pressure on the country’s labor market. “Historically speaking there is a clear brain-drain from Croatia and the rest of the Balkans, but now, with the Austrian labor market set to open up to Croats in mid-2020, it looks like even more workers might migrate.”

Finally, Simsa says, Croatia’s new Enforcement Act, expected to enter into force in 2020, is a frequent subject of controversy. “Even though it is questionable how it will work in practice – seeing as how it is generally set to be a much easier procedure – from an economic standpoint it makes a lot of sense,” she says. Thus, although not all lawyers are excited about the prospect of the changes, outside investors are likely to welcome the new law with open arms. “If enforcement is difficult



then businessmen are going to be reluctant to enforce collateral, which could lead to them being reluctant to invest, seeing as how it directly impacts their general confidence in the business atmosphere,” she concludes. “Now, with the new act, it is reasonable to assume that enforcements will become easier and faster, which will strengthen trust and spur investments.”

By Andrija Djonovic

SERBIA: DECEMBER 12



“There are no major movements between firms, or any new firms popping up,” says Petar Mitrovic, Partner at Karanovic & Partners in Belgrade, about the Serbian legal market.

“There have been some movements, some partners leaving their law offices and moving to the private sector, but nothing worth writing home about.”

Mitrovic carries the tune when it comes to the political scenery of Serbia as well, describing the current the country as “pretty much a stable show – and the political stability seems to be paying off in terms of increased FDI numbers and the fact that the country’s GDP is on the rise as well.”

“There is a lot of construction going on in Serbia right now,” Mitrovic says, turning the discussion to active business sectors in the country. “In addition to other factors it would seem that a long and warm Autumn contributed to this,” he explains, pointing to a new patch of highway in Surcin-Obrenovac, near Belgrade, as well as a significant number of construction sites in the capital itself.

Still, it’s not just construction that’s active; Mitrovic reports that “the mining sector is booming right now, in the east and west of the country.” He notes that Zijin Mining and Rio Tinto, two of the largest mining companies operating in Serbia, “have the potential to set up the first greenfield mines in Serbia in the next few years.”

Finally, Mitrovic refers to two legislative updates on the horizon. “First,” he says, “there is the proposed Act on Construction Planning that is currently being discussed in the Parliament. It is more investment-friendly, as it brings clarity to some issues that the previous legislation lacked, and it is expected to expedite the construction process.” Second, he

says, a new incentive scheme for renewable resources is likely to appear next year. “The current incentive scheme is outdated and does not allow wind parks to apply for it – which isn’t great, seeing as how there are a number of wind parks in various stages of development at the moment.” Still, he says, “this scheme shouldn’t be expected to come into play until Q3 of 2020, with the parliamentary elections set for March likely to slow things down a little bit.”

By Andrija Djonovic

ROMANIA: DECEMBER 19



“There haven’t been significant changes on the Romanian legal market,” says Alexandra Rimbu, Partner at MPR Partners | Maravela, Popescu & Roman in Bucharest. “Recent changes were rather small and had no overarching impact on the legal market – the structure remains unchanged.”

Rimbu says that the results of this November’s parliamentary and presidential elections were encouraging, however. “Surprisingly, everything ran smoother than expected,” she says. “The transfer of power passed without many controversies, Parliament elected a new Government in its first session, and even the budget discussions were smoother than anticipated, since it should pass shortly.”

Romania’s political stability reflects a relatively strong moment for business in the country, she says, and for the economy as a whole. “The M&A sector has been pretty active, as it has been all year,” she says emphatically. “The second trimester saw over 30 deals with an average worth of EUR 36 million.” In addition, she reports, “important infrastructure advancement steps are being made, especially concerning roads, highways, and railroads. Hospitals are being built, and extensions of two Bucharest airports are underway.”

However, not everything is working like clockwork. “The labor market is under distress,” she says, “with the labor force in a steady decline. This puts the country in a sensitive situation.” Rimbu says that this may be offset with a rise in immigra-

tion, adding that “the legislative labor framework is expected to change in 2020, seeing as how it’s a bit outdated. The distressed labor environment could lead to higher wages and more effort from employers aimed at retaining their employees,” which she says could help the labor sector in the long run.

By Andrija Djonovic

ALBANIA: DECEMBER 27



“Albania right now has a loaded political and economic situation,” says A.R.S. Legal & Financial Services Manager and Attorney at Law Elisabeta Nezaj, “considering the earthquake that hits on November 26th.” That 6.4-magnitude earthquake that hit northwestern Albania was felt mainly in Durres and Tirana and as far away as Taranto and Belgrade, ultimately killing 51 people in the country – making it the world’s deadliest earthquake in 2019 – and causing massive damage to homes and infrastructure. According to Nezaj, “all government bodies are focused on providing help for the people who suffered from this event, and we are taking support from other governments to reconstruct the buildings that were damaged.”

Turning to a less grim subject, Nezaj considers the ongoing discussions between the various Balkan countries to create a mini-Schengen zone. Kosovo is the only state in the region that is against it, she says, “in light of its problem with Serbia. And of course Albania, in my opinion, will not enter without Kosovo – we are brothers – so it is unclear how they will deal with this, with the political aspect.” Still, the potential economic benefits are substantial, and she notes that “we are only in the negotiation stage.”

Another source of potential development in the country, she says, is the vetting/evaluation process of judges and prosecutors that continues pursuant to Albania’s Law on the Transitional Re-Evaluation of Judges and Prosecutors (Law 84/2016), passed in 2016 to address what was believed to

be rampant corruption in the judiciary (studies at the time showed that as much as 76% of Albanians believed that the country's judiciary was corrupt). At least in the short term, Nezej says, the fallout is significant. "It has created an overload on the system, as some judges have been dismissed and others resigned as a result – including judges sitting on cases which had already started." She sighs. "Those cases had to start again, sometimes after as much as three years. It complicates our work, and of course clients aren't happy about it." Still, on balance she says the process is necessary, and she says it is expected to have an overall positive effect. "Based on the criteria they're applying," Nezej says, "I think it's something good for our judicial system."

In addition, she refers to the positive effects of the new fiscal package that went into effect at the beginning of 2019, which included changes to the Profit Tax. That 15% tax, she explains, is now only imposed on businesses reporting over ALL 14 million, instead of the previous ALL 8 million, providing both an incentive for local business "and also making it a bit more attractive, perhaps, for foreign companies to invest in Albania."

In general, Nezej says, 2019 was a relatively good year in Albania – at least before the events of November 26. "I think the economy of Albania before the earthquake was stable," she says. "In the beginning of the year the country increased the minimum salary, which helped people. We have a relatively poor population, of course, but our government – step by step – is trying to take initiatives to help groups that are weaker than others, and –step by step – to increase the economic stability in Albania."

By David Stuckey

ESTONIA: DECEMBER 30

"The Estonian general election took place in March this year, and we are finally able to see the results," says Martin Simovart, Partner at Cobalt in Estonia. "Politics in Estonia is now quite a mess. The new government is a populist coalition – this means that the situation is unstable and a polarized sentiment has been created."

That does not seem to affect the general economic situation in Estonia, however, which remains strong. "The economy is quite stable," Simovart says, "as we see a relative stability in investment. Clients are not affected by the current political situation, and we haven't noticed any major changes. However, uncertainty exists, and this might change in the future."

"At this point, our GDP is stable, and somewhere around 4.1%," he says. "But growth is not as great as it used to be. We can't be sure if general uncertainty caused that slowing down,



but we might see it slow even more in the upcoming period."

Still, he says, the M&A market – which he describes as being "incredibly lively" in 2018 – is "still pretty busy."

Simovart sounds fairly cynical about government proposals for infrastructure development in the country. "In terms of projects taking place," he says, "we see that the government has promised a few new railway and road connections – but it is very hard to tell if and when anything they promised will actually turn out to be true."

Still, Simovart acknowledges that recent legislative developments are encouraging. "There have been recent initiatives to change the Commercial Law," he says, "although we are still waiting for that to be finalized. Once done, these changes will assure freedom of entrepreneurship, which is a great initiative." And there's more. "A large amount of regulations are also coming as a mandatory legislative change from the EU," he says. "Those mostly involve climate and sustainability regulations, as well as financial regulatory regulations which are a growing trend within the Union."

Simovart says that he would not welcome the government's proposed change to the Estonian pension system, which he describes as "short-sighted – and although it may in the short term boost the GDP, in the long run it is damaging for the pension funds, investors, and the country's sustainability to deal with pension payments in the future."

Otherwise, he says, he hopes for "a better government in the future, one that would be forward-looking, and one that doesn't create more mess, but resolves the existing one."

By Djordje Radosavljevic

TALKING TAX



Balazs Kantor, the Head of Tax at Lakatos, Koves & Partners in Budapest, discusses his career and his role in creating a leading practice in Hungary

CEELM: How did you get to your current position? Why tax law?

Balazs: In my case, the choice only seems obvious if you look backwards. When I was a university student, I did not really know what my field would be, but I knew that I wanted to be an attorney at a big law firm. So I started to work as a trainee (I was still a student the time) in the Budapest office of Allen & Overy.

In the beginning I was a generalist assisting anyone who needed my humble help, but I worked more and more with a tax lawyer who did not have a trainee then, and I soon realized that I enjoyed the work more than the other tasks – although I understood it even less (if that was possible). So I stuck with it – but I cannot say it was an entirely deliberate decision.

Soon the senior tax lawyer I mentioned joined DLA Piper, and eventually established his own practice. I followed him

both times, so although I had three different workplaces in ten years, my mentor and boss remained the same in each. During these years, I was admitted to the Budapest Bar Association and obtained my tax advisor qualification.

In 2015, I received an offer from Lakatos, Koves and Partners to build a tax practice there, which I could not resist.

CEELM: Tax lawyers don't always get the glory that transactional lawyers or litigators get. What satisfaction do you find in this area of law, and what makes you particularly good at it?

Balazs: Tax lawyers are usually associated with bad news. In a transaction, tax lawyers must limit the imagination of the parties, while tax litigation means you are fighting an underdog battle with the tax authority. The challenge is to rise above the role of doomsayer in the eyes of the clients. In the meantime, however, the options available to solve the problems

you have identified are obviously limited by the law.

The satisfaction comes, therefore, when I am also able to propose a solution to the problem I pointed out or when we are able to close a tax litigation case with an outcome which is acceptable to the client. For this, it is essential that the client has realistic and carefully-managed expectations.

Tax law requires a keen eye for details and an analytic mind: you need to be able to dissect business transactions into the elements significant for the application of the tax laws. At the same time, you must be able to weave such elements into your advice, solving issues for your clients that satisfy the tax authorities. It requires imagination and creativity, in a good sense, and I hope that this is my strongest suit.

CEELM: How much of your time is spent on disputes and how much on other tax matters?



who has a wealth of experience in litigation. It is unusual on the Hungarian market to have this tax capacity in a law firm, but as the biggest independent Hungarian law firm, it is necessary.

We are a separate practice group within the firm. The junior associates (who either have tax advisor certificates or are the process of obtaining them) report to me directly. The junior associates are preparing for their bar exams now and will become tax attorneys in the first half of 2020.

“Tax lawyers are usually associated with bad news. In a transaction, tax lawyers must limit the imagination of the parties, while tax litigation means you are fighting an underdog battle with the tax authority. The challenge is to rise above the role of doomsayer in the eyes of the clients.”

Balazs: It really varies, but tax litigation cases make up for 30-50% of our time in general. About 95% of our clients are multinational enterprises and we deal with a wide variety of tax matters in Hungary: providing information to clients about the tax environment of a planned investment or the tax consequences of a particular transaction (mostly real estate transactions and M&A transactions). The lucky ones come to us *before* venturing into the dangerous territory of the sometimes-byzantine Hungarian tax laws.

CEELM: Tell us about your team at LKT.

Balazs: The team includes three lawyers (including me), and we also rely on the Managing Partner of LKT, Péter Lakatos,

CEELM: In your many years of practice, how has the Hungarian tax regime changed? Are you satisfied with it now, or are there additional improvements you would like to see in coming years?

Balazs: The biggest changes are the shift from income taxes to turnover taxes as the main source of the government's revenue and, in parallel, the advanced use of IT technology for control. This made sense at the dawn of the financial crisis, as Hungary has always had deep traditions in tax evasion. As a result, the tax environment has become very investor-friendly – but also a bit administrative-heavy. The shift to turnover taxes obviously also had a price for the people living here – turnover taxes are most-

ly their burden, anyway – but in the last couple of years the tax burdens of employment have been steadily decreasing. As to the legislation, consistency can be felt now – in contrast to the frequent tax law changes of the first half of the decade – which is a good thing.

The main problem is still the uneven quality of the tax laws, which sometimes borders on the incomprehensible for the layman. I do not believe that the rules should be simple: life is complex and tax laws should reflect this. But I believe that the language of the law should be clear and accessible for those affected by it. For the same reason, when we advise our clients, we aim to be plain and simple.

CEELM: Are Hungarian courts fully competent to understand the subtleties of current tax law? Are you generally satisfied with the results of disputes in Hungary?

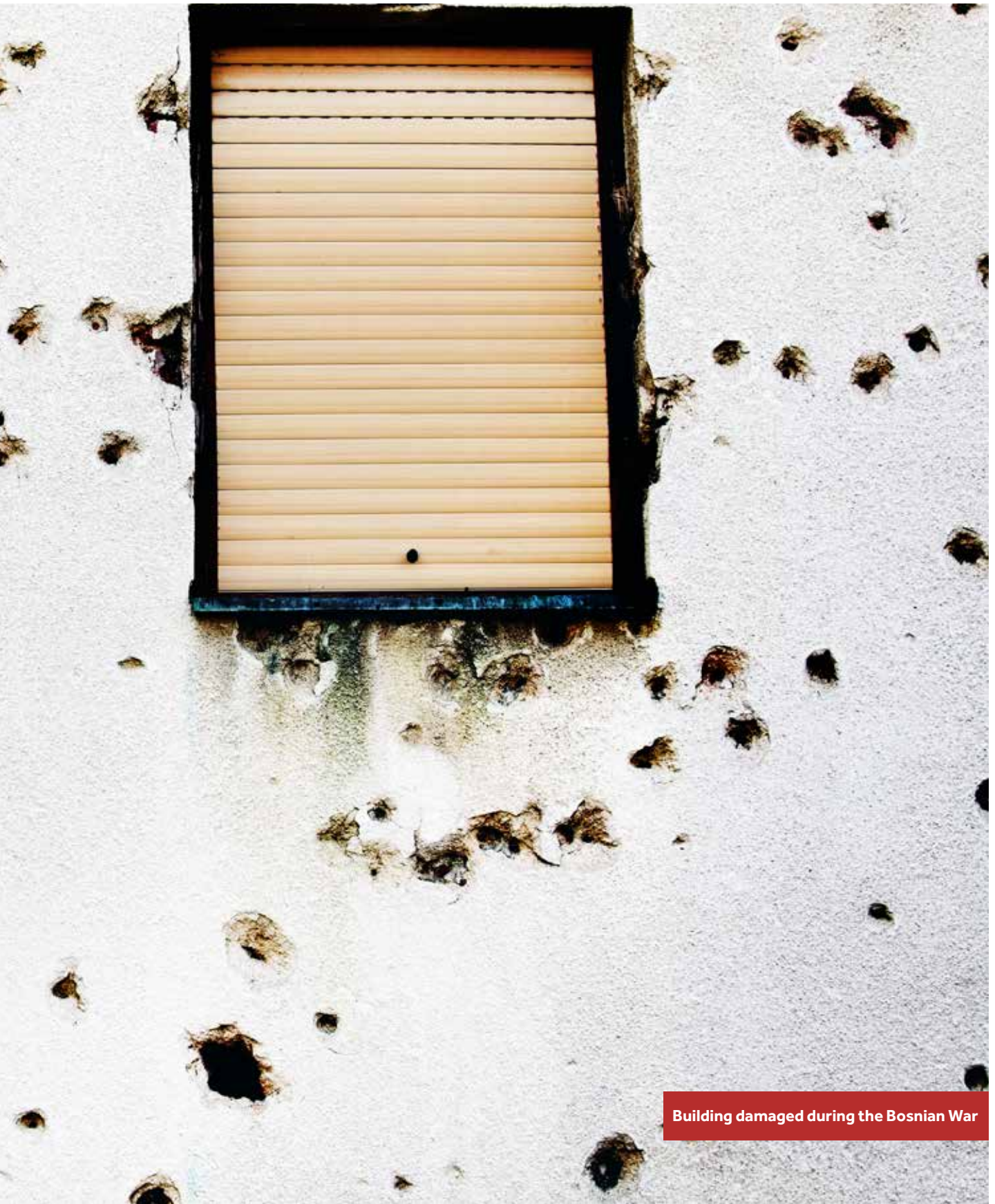
Balazs: This is a very delicate issue. Because Hungary does not have a special court for tax cases – only for administrative cases, where it deals with everything from laws on social security to construction laws – judges do not have the opportunity to specialize in tax cases, which I can tell you is a full job all by itself. Therefore their grasp on the nuances and subtleties of modern business life – let alone on an uncommon structure – can be limited. I really sympathize with them as it can be a very daunting task to remain on top of a tax case, and to their credit, they do not spare in their efforts.

It does not help that the procedural laws of tax litigation have changed materially in the last couple of years, as a result of which the court phase became essentially one instance, and the court has much less freedom in the choice and acceptance of evidence. As a result, a successful tax dispute must be grounded during the tax audit phase, before getting to court. It cannot be emphasized enough that the sooner you hire your tax attorney, the better your chance to win the case.

David Stuckey

PRACTICE UNDER PRESSURE

**HOW THE LEGAL PROFESSION IN
BOSNIA & HERZEGOVINA
EXPERIENCED THE BOSNIAN WAR**



Building damaged during the Bosnian War

Part I – Eppur si Muove

Bosnia & Herzegovina, the mountainous country on the Balkan peninsula that is the shared home of Muslims, Croats, and Serbs, each with their own ethnic, religious, and cultural habits and beliefs, is now twenty years beyond the terrible civil war that saw the three groups explode into open conflict.

How the lawyers in this proud European country survived that bloody conflict – not only living through it, but to some extent helping mend the wounds that lingered into the years beyond – is a story rarely told.

A Home to Many Masters

The territory that is now Bosnia & Herzegovina has been fought over for centuries, claimed over years by many and diverse occupying forces. The land was conquered by the Ottoman Empire in the 15th century, annexed by Austria-Hungary in 1908, made part of the Kingdom of Serbs, Croats and Slovenes in 1918, then occupied by Axis forces in 1941, before, in 1945, becoming a founding part of the Socialist Federal Republic of Yugoslavia (known colloquially as the SFRY), where it remained for over five decades.

“The former Yugoslavia really only had one free profession that the state didn’t meddle in – and that was the legal profession.”

Although Bosnia was considered a “free federal unit” – the 1974 Yugoslav Constitution defined it as a “federal republic of equal nations and nationalities, freely united on the principle of brotherhood and unity in achieving specific and common interest” and gave each republic the

right to self-determination and secession if done through legal channels – Yugoslavia’s Belgrade-based centrally-planned government dictated the country’s every move for the 45 years following World War II, essentially robbing it of any actual agency in developing its own economy. The movement of people, labor, and capital, although free on paper, was in fact severely restricted and controlled. Foreign investment was limited, and a lack of capital meant that legal professionals had few opportunities to give (or learn how to give) business advice.

In 1987, near the end of that time, Bosnia’s debt was USD 21.9 billion, the inflation rate was 167%, and the unemployment rate was 16.1%. The country reported an annual growth of -1.4%, and debt represented, roughly, 26% of GDP. These numbers – which actually represented a step forward from five years before (in 1982 debt accounted for 32% of GDP, and annual growth was -7.07%) – continued a downward decline from the 1970s, when growth was reported to be about 13-14% a year.

Antebellum Practice of Law

“In the seventies, the principles of the profession were the same, really,” recalls Branko Maric, Senior Partner of Maric & Co., for many decades among the most respected attorneys in Bosnia & Herzegovina. “The former Yugoslavia really only had one free profession that the state didn’t meddle in – and that was the legal profession.” According to Maric, the terms and structures of the profession were dictated not by the centralized, controlling state, but rather by the bar of the Socialist Republic of Bosnia & Herzegovina, which he describes as “the true regulator of the legal profession.” He insists that, “the state only ever interfered when it came to regulating attorney fees.”

According to Maric, while the principles of the profession were the same, the practice was quite different. “Virtually all lawyers working in the country were engaged almost exclusively in their capacity as litigators,” he recalls.

“There used to be a lot fewer law offices, back then, before the war, and most of those that did practice law did so as litigators,” agrees Aleksandar Sajic, Managing Partner of the Sajic Law Firm. “One would hire a lawyer when the problem was already there; lawyers were an afterthought. Most firms were actually solo practitioners; even a two-person ensemble was a rarity, let alone a larger office,” he reports. And with commercial law a limited field, he says, “people would work on whatever they could. There was no marketing involved, no client hunting - work would present itself.”

Maric agrees that, “before the war, there were no large client mandates. You’d get work and clients by word of mouth or via personal connections with those working in other business areas.”

Despite the different atmosphere, and the limited need for business development skills – or perhaps because of it – Sajic insists that the quality of service may have actually been superior. “The average lawyer was way more qualified than today – being a solo practitioner then, and owning a firm, was a crowning achievement of one’s career and people would prepare for that for a long time, gathering experience, knowledge, and courage.” Sajic’s mother, he recalls, had over 20 years of experience before she opened her own office in 1989 (a move that inspired him to abandon his plans of becoming an electrical engineer and enrolling in law school himself).

Still, even with the opportunity to open an individual law practice, business opportunities remained limited. “Nearing the end of the eighties, there still weren’t a lot of foreign companies and foreign capital involved in the SFRY market,” Maric recalls.

And then, at the end of the eighties, long-stifled ethnic divisions began to express themselves. “There was a lot of tension at the time, nobody really took note of what was going on with foreign investment and foreign capital, with Yugoslavia slowly coming apart at the seams,” Sajic

says. “On top of that, there were already tangible issues with inflation, and even with SFRY’s maybe trying to attract foreign investments, those efforts were not in any meaningful way noticeable.” In 1989, the inflation rate hit 2700%, with unemployment at 15% and a growth rate of -1%. Debt was roughly USD 17 billion.

And then the war came.

The Yugoslav War – All Hell Breaks Loose

In 1980 Marshall Josip Broz Tito – the Balkan freedom fighter who led the resistance against the Nazis and the Axis powers in World War II and then led a unified SFRY in the decades that followed – died. With his death, the glue that had bound the various Balkan cultures, ethnicities, and nationalities started to dissolve

“There weren’t, actually, any serious hiccups in the work of the bar. It worked rather normally during the entirety of the war, and it stayed on as the Bar of Bosnia & Herzegovina after the war ended.”

In 1987 Slobodan Milosevic, the President of the League of Communists in Serbia, proclaimed himself, in essence, a protector of Serbs. That same year, the Central Committee of the League of Communists of Yugoslavia started to lose power, and the slow drifting apart of the republics that had begun after Tito’s death started to pick up speed.

In 1989, the Iron Curtain fell across Eastern Europe. The first multiparty elections in SFRY were held shortly thereafter, in 1990, with nationalist parties making the strongest showing in each republic.

Almost immediately, Croatia and Slovenia – the most affluent of the six republics – started advocating for more autonomy and independence. Alarmed, Milosevic-led Serbia, the largest of the six republics, doubled down on its consolidation of centralized power, waving anti-nationalistic and pro-Yugoslavian banners.

Undeterred, in June of 1991, Slovenia and Croatia declared independence. The Yugoslav National Army – the JNA – immediately deployed troops to the borders and relevant airports. After a brief and ultimately inconsequential ten-day conflict, the JNA stood down and backed away from Slovenia. In Croatia, however, the Serbian troops sided with Serb rebels on the ground who were opposed to independence – starting a conflict that ended up lasting four brutal years. Soon thereafter, the Croatian community of Vukovar was overrun (with 2,000 civilians killed, 800 declared missing, and 22,000 forced into exile) and Dubrovnik was shelled.

Meanwhile, Bosnia – by far the most ethnically diverse of the republics – organized an independence referendum at the end of February, 1992. Although the Bosnian Serbs, accounting for some 30% of the population, boycotted in referendum, 63.4% of all voters turned out, with between 92% and 99% of them – the specific results are disputed – voting for independence. On March 3, Alija Izetbegovic, the Chairman of the Presidency of Bosnia and Herzegovina, declared the independence of the Republic of Bosnia and Herzegovina and the parliament ratified the action.

The celebrations were shortlived. Although there had been isolated skirmishes and clashes before, the same day that Bosnia & Herzegovina’s independence was recognized by the United States and the European Economic Community – April 6, 1992 – full-scale hostilities broke out between Bosnian Muslims and Croats on one side and Bosnian Serbs on the other (later in the conflict, the Bosnian Croats would turn against the Bosnian Muslims).



Aleksandar Sajic



Andrea Zubovic



Branko Maric

By May of 1992 – the same month the country was admitted into the United Nations – Bosnian Serbs controlled approximately two-thirds of Bosnia and initiated a horrific campaign of ethnic clashing and cleansing. A siege of Muslim-held Sarajevo began, with 13,000 troops stationed in the hills surrounding the city and mauling it with tanks, artillery, and small arms. The Bosnian Government defence force, which was located inside the besieged city, was poorly equipped

and unable to break through.

Inside the city, things weren't much better. Supplies were scarce, and both heat and power were hard to come by. Snipers took up positions throughout the area, leading certain streets to become known as "sniper alleys." Signs reading *Pazite Snajper!* ("Look out, sniper!") became a common sight in the city. In addition, an average of 329 shells impacted the city each day – with a peak of 3,777 shells on July 22, 1993 – eventually damaging virtually all buildings in the city, with as many as 35,000 completely destroyed.

The siege eventually lasted 44 months – a full year longer than the siege of Leningrad in WWII – with 350,000 residents being deprived of basic necessities and almost 14,000 deaths.

In August, 1995, moved to action by the previous month's massacre of as many as eight thousand Muslim men and boys in Srebrenica and the continued bombings of Sarajevo, NATO launched airstrikes on Bosnian Serb positions.

Finally, in November 1995, after three weeks of talks in Dayton, Ohio, the combatants agreed to a peace, with the country divided into a Muslim-Croat Federation, covering 51% of the territory, and Republika Srpska on the rest. The Bosnian Government officially declared the end to the siege of Sarajevo on February 29, 1996, just 23 days after the last act of hostility – the death of a 55-year old man riding a tram down the city's main by a single rocket-propelled grenade

The International Criminal Tribunal for the former Yugoslavia was formed as early as 1993, and after the war 161 people were indicted of war crimes – including such prominent figures such as Slobodan Milosevic and Radovan Karadzic, the President of the Republika Srpska during the war. Karadzic, who was ultimately among the 83 individuals convicted, was sentenced to forty years, and Milosevic died in prison before a verdict was reached.

That was after the war. *During* the conflict, however – in the middle of this chaos, warfare, and bloodshed – were normal people trying desperately to maintain livelihoods, protect themselves and their families, and retain their sanity in the most stressful of times. These normal people, of course, represented all trades and professions, including salesmen, bakers, bankers, doctors ... and lawyers.

Lawyers and the Law in Wartime

"When the war started, the Bar of Republic of Bosnia & Herzegovina continued to function and I was the head of its Executive Committee," says Branko Maric, who maintained that position, in Sarajevo where he lived, throughout the entirety of the conflict.

"In spite of all the ethnic tensions and problems, all the religious conflicts and fighting, the legal profession in Sarajevo kept its dignity and its face. It never, ever, happened that any lawyer refused to take up a client or provide legal assistance to those in need based on their faith, ethnicity, or nation."

Amazingly, despite the years of shelling, sniper fire, and chaos, Maric insists that the bar's operations were relatively unaffected, "as much as it was possible given the political divide and the military conflict. There weren't, actually, any serious hiccups in the work of the bar. It worked rather normally during the entirety of the war, and it stayed on as the Bar of Bosnia & Herzegovina after the war ended."

Maric recalls his colleagues' commitment

to their profession under arduous circumstances with pride. "In spite of all the ethnic tensions and problems, all the religious conflicts and fighting, the legal profession in Sarajevo kept its dignity and its face. It never, *ever*, happened that any lawyer refused to take up a client or provide legal assistance to those in need based on their faith, ethnicity, or nation."

And, Maric insists, it wasn't simply the lawyers that remained focused. "Even the courts," he says, "believe it or not, were functional – even more efficient than today!"

Aleksandar Sajic says that law offices and the judicial system continued to operate as normal in Banja Luka as well. "My mother stayed at her job and worked the cases she had throughout the entire war. Of course, there was turmoil, as in all parts of the country – many men were drafted and left for the warring areas. Still, the courts worked, law offices worked, and in spite of all the tribulations and turbulency – the system kept going on."

Of course, that doesn't mean the fighting had no effect on a *personal* level. Andrea Zubovic-Devedzic, now a Local Partner at CMS Sarajevo, was eight years old when the siege of her home town started. "I wasn't really aware of what was going on, precisely, it was all 'grown-up talk' back then," she says. Still, she remembers that her school didn't take place in a classroom but rather in "apartments and basements – and with shorter periods. Being a teacher took guts and bravery back then, not just because of the war but because they were not of this profession – some of the teachers were, in fact, driving instructors."

"I remember, for a certain period of time, when my family and I were forced to live as refugees in our own city," Zubovic-Devedzic recalls. "All because we went to visit some friends over the weekend and couldn't get back to our apartment after." Now, she says, she finds it difficult to imagine how they were able to

live the way they did, admitting that she often wonders to herself “how it was so easy to simply accept it all like a new reality – one without access to power, water, and even food.” She believes that the war left no lasting effects on her, though she admits that “I still cannot fully and peacefully enjoy fireworks to this very day.”

If children were able, to some extent, to adapt to the new reality, adults found it more difficult. “It was in the very first days of the war, I remember a grenade hitting the roof of the building in which our office was located,” Maric remembers. “I worked from home from that day on.” “The court and the bar were both some half an hour away from my house – I walked to work every day not trying to pay any attention to the bullets that buzzed somewhere over my head as I kept repeating to myself that I only had a five percent chance of being shot.”

Surprisingly, Maric insists that, while he has never disputed that terrible crimes took place during the war, “people that didn’t commit them were set up to take the fall,” and he reports that some of the cases that came across his desk were “run in an utterly disgusting manner,” which, he says, only increased his commitment to his ethical responsibilities. He recalls being “assigned to defend a Serb that was indicted for genocide – a trumped-up charge, as I deeply believed back then, only brought to demonstrate to the world that atrocious crimes were committed in Bosnia.”

In that case, he says, “the opposing team was a cohort of military prosecutors that worked in fully-equipped (and fully-powered) offices, while I was forced to prep under candlelight.” He chuckles as he recalls that the ordeal forced him to learn how to ride a bicycle. “I had to use my son’s bike to get to the Military Court every day because it was quite far and the roads weren’t that safe for walking. I had never been on a bike before, but after this – I got proficient.” Ultimately, he says, his client was sentenced to death three times – but each time he succeeded

in overturning the verdict, and ten years later his client was released from prison. “I risked my life defending that man, not just because simply getting to the court was a challenge, but because the authorities that organized the process deemed my defense to be ‘too serious’ and said that I was ‘trying too hard’ for their tastes. This only motivated me even more to defend the man and save his life from a death sentence – for something he hadn’t committed.”

“The court and the bar were both some half an hour away from my house – I walked to work every day not trying to pay any attention to the bullets that buzzed somewhere over my head as I kept repeating to myself that I only had a five percent chance of being shot.”

During the war Maric received around thirty draft letters and “a lot of ‘call-to-labor’ letters,” which he describes as “a mild way of saying that you are to go and dig trenches before enemy lines.” He gets angry recalling the order. “I thought at the time that this was a move made for political reasons, in order to get me to leave my position, and I still think that. This led me to question everyone and everything I knew. To know people for who they truly were was a question of survival. It was crucial to know whom you could count on and eliminate the false friends from your life.”

Ultimately, though, Maric says that the number of reliable people was high. “The weight of it all, of the fact that somebody might grenade you away from a nearby hill or that a paramilitary formation could

simply decide to take your life, that you’re hungry and cold and living in an apartment without power and no glass in any of the windows – it’s easier to bear when there are people that you can rely on.”

And the long conflict caused some administrative challenges for lawyers as well. “As the war started the territory got divided and borders shifted constantly,” Maric says. “The bar in Sarajevo had no direct contact with lawyers from the area that proclaimed itself to be Republika Srpska. That area had, at the very start of it all, formed its own bar, as did the Herzeg-Bosnian Federation – so you had a situation where there were, *de facto*, three bars operating independently at the end of the war.”

“When the peace talks bore fruit the bar of Republika Srpska remained in place,” Maric recalls, “and talks started to form the Bar of the Federation of Bosnia and Herzegovina. The Office of the High Representative gathered some eminent lawyers that drafted an act about the profession of lawyers.” The act was first imposed by OHR and then adopted by parliament, leading to the formation of the Bar of the Federation of Bosnia and Herzegovina. “Since that time, practically, there have been two bars in Bosnia and Herzegovina: one of the Federation and one of Republika Srpska.”

Ultimately, in addition to the horrific casualty numbers and lasting psychic scars imposed on the surviving Bosnian population, the war caused serious damage to the country’s economy, with over USD 200 billion in material damages, and GDP reduced by about 90%.

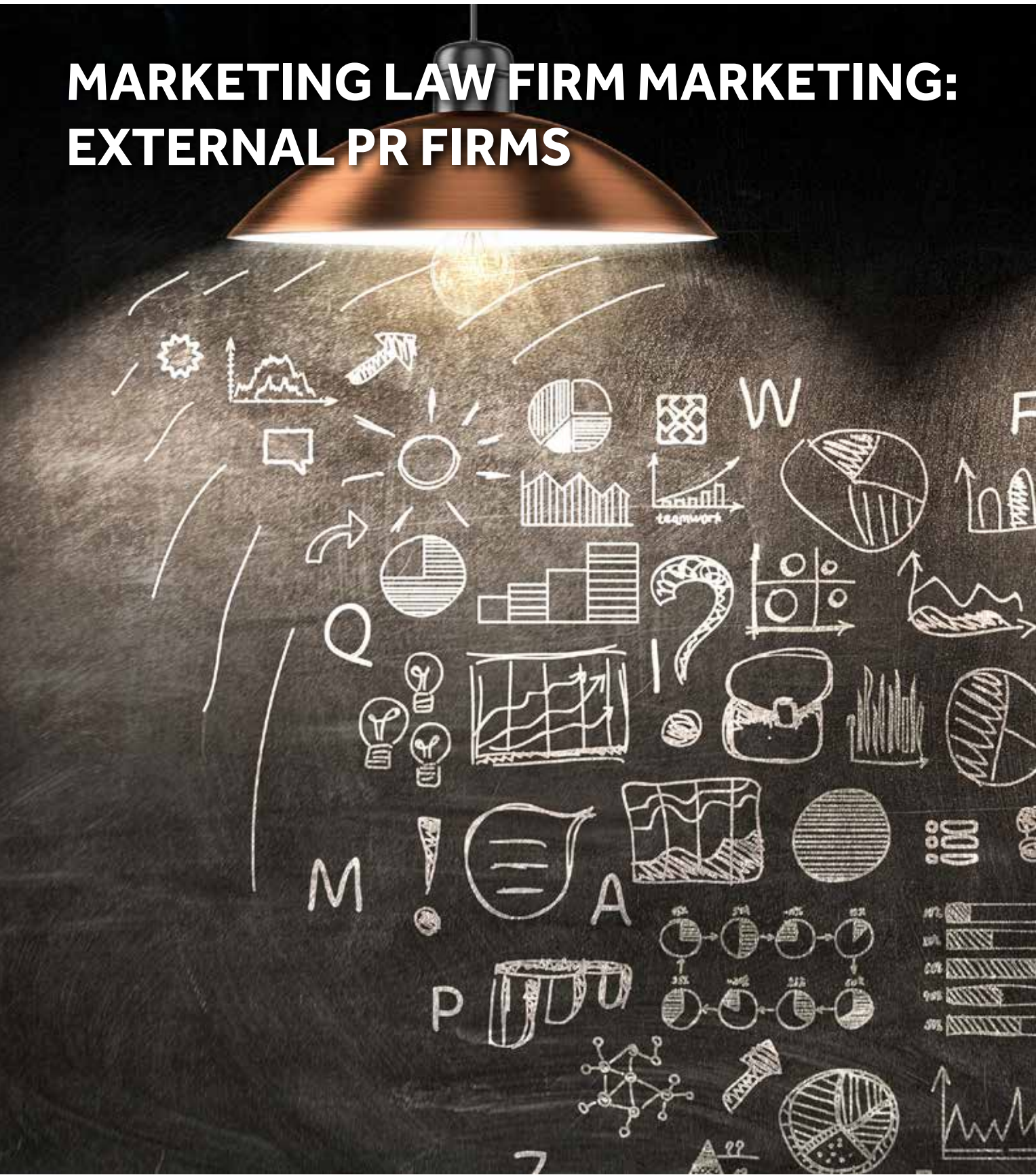
Repairing the damage – both psychological and structural – would take years.

End of Part I

Part II of this article will appear in the March 2020 issue of the CEE Legal Matters magazine.

Andrija Djonovic

MARKETING LAW FIRM MARKETING: EXTERNAL PR FIRMS



Law Firm Marketing experts from across the region answer the question: “What is your experience of working with an external public relations firm?”



“Throughout the years we have worked with several PR firms on different projects but truthfully, our collaboration with these firms is very succinct and punctual, as most of our work is handled in-house. We have come to a point where our team is highly specialized and has a strong hold of all particularities that legal communication holds. We do, however, approach external PR firms on specific matters we can use some assistance with, such as events, relationship with some business magazines and punctual media strategy guidance.”

Olivia Popescu, Marketing & PR Manager, Maravela, Popescu & Romanb



“I have worked in several leading law firms on the Polish market but I have never used the services of an external PR agency. I have always been the person responsible for PR and media relations, often also for the rest of marketing activities, events, etc. and did all these things by myself. I have never had the need to hire external agencies, because I specialize in media relations and marketing of professional services.

It is important for a journalist to know that a PR Manager is always available, that in a flash he can reach the lawyer sitting in the next room – this can be an advantage of having an internal PR manager, but off course it does not have to be the rule – these are only my thoughts and observations or opinions by some journalists.

What I have to stress is the fact that I use the services of *event* agencies, because it would be very difficult for only one person to organize an event for 200 people with lots of attractions, etc.

However I know many small or medium-sized Polish law firms, which especially at the beginning of their activity use external agencies, because the lawyers working there do not know how to take care of media presence, how to take the first step, how to prepare materials for journalists. Some of these law firms have a person responsible for marketing and BD, but they outsource media relations to external agencies – some firms are very satisfied, other less”.

Renata Misiewicz, PR & Marketing Manager, Wierzbowski Eversheds Sutherland



“From what I understand, the larger, more international firms carry out their local marketing and PR within the framework of stylistics/branding guidelines and rules from in London/New York head offices. My (smaller, independent) firm has concluded that having someone in-house makes more sense. Not only financially – it means that our voice and branding stay consistent and unique; we have more freedom and can be fresher in our approach. I don’t believe an external provider would be able to maintain the same level of commitment or understanding of our company to really help us stand out.”

Klara Loranger, Communications Manager, Bittera, Kohlrusz & Toth

“I would have a lot to say, but I do not believe in this at all, to be honest, so why put something negative on the table at this time of year?”

Name Withheld Upon Request

MARKET SPOTLIGHT: POLAND



GUEST EDITORIAL: POLISH FIRMS GO BIG, GO NICHE, OR GO HOME

As my fellow Poles and I celebrate 30 years of renewed freedom and restored membership in the European family, the economic trends that are shaping the legal profession across the continent are also having an effect in my home country. Competition, including from new technologies and shifts in client expectations, means that there is less and less room for smaller, generalized practices. Law firms must either expand to provide a diverse range of services, become a boutique firm with a tight focus on a single practice area, or leave the market altogether. This is true of both smaller firms and larger international firms.

Poland on a Growth Trajectory

The market for legal services in Poland grew by almost 10% in 2018, according to business daily *Dziennik-Gazeta Prawna*. The country's robust economy, one of the fastest-growing in the EU, drives new mandates in the legal sector and continues to draw in new foreign investment. The real estate market has been red-hot as global investment funds see Poland, and CEE more broadly, as a land of opportunity. Additionally, rapid changes in the law mean that clients need to take proactive steps to stay up to date with the changes.

So there should be plenty of work for everyone, right? In fact, all of us are feeling a sense of increased competition, coming from various sources. One of the largest is the Big 4, as they strengthen their legal practices throughout the region. Competition is also being driven by technological advances. The Internet is making legal advice more broadly available, as is the proliferation of legal tech, which is continuing to receive investment from law firms throughout the region. Quasi-legal operators are taking over product-based legal assistance and legal commodities markets. Furthermore, banks are offering limited legal assistance to some of their clients.

Shrink and Specialize or Grow

The need for generalists is being further reduced by changes in how clients run their operations. Many companies now have in-house legal teams who handle day-to-day legal matters. That means that for law firms to survive, they have to provide specialized services. For smaller firms, it means that they need to find a marketable niche. In larger firms, the practice groups need to provide outstanding service and quality. Their constituent teams are becoming more specialized, and it is not uncommon for law firms to hire attorneys who were previously working in-house. These lawyers' specialized sector knowledge is of material importance for the further evolution of law

firms. By and large, these trends are not specific to the region, but in fact they reflect what is going on across Europe.

My own firm, Vienna-based Wolf Theiss, provides a good example of how these trends are playing out in practice. We have been diversifying our portfolio of services at our office in Poland, and we added two new practice groups in 2019: Restructuring, Insolvency and Distressed Investments, headed by Lech Gilicinski, and Energy, run by Konrad Kosicki. Our practice was too large for us to shrink down to a niche provider focusing on a single practice area. Therefore, in order to meet our clients' expectations and market demands, we needed to grow and engage the best specialists in the market. Other firms of a similar size are facing the same decision: either shrink and specialize or grow.

Of course, the down-scaling or exit of some firms means more opportunities for those of us who remain. But it also means greater challenges: we need to distinguish ourselves with excellent service that is not only based on knowledge of the local law but, in the era of globalization, on a broader understanding of international business operations.

Leveraging Advantages for Market Position

One advantage for firms of our size is that we have less internal competition and fewer internal conflicts. Being multi-jurisdictional is another advantage for our clients, for two reasons. First, international companies are increasingly treating Poland as the gateway to Central and Eastern Europe, so firms that can provide services seamlessly throughout the region are attractive. Additionally, helped by strong domestic economic growth, Polish companies are starting to expand to neighbouring countries, meaning that they require at times more than domestic-oriented law firms can provide.

In 2020, we may see more large multinational firms exit the market if they do not successfully specialize their practices. This provides an opportunity for Wolf Theiss and other similarly-situated firms to effectively fill the market space, as they already have the advantage of specialized teams with a high degree of area-specific expertise. In today's market, just as it always is, adaptation is the key.



**Karolina Stawowska, Partner,
Wolf Theiss Warsaw**

"LAW AND JUSTICE" IN POLAND

How are investors responding to the continued success of the right-wing Law and Justice party?

Poland is changing, and its newly re-elected government, led by the right-wing Law and Justice party, is accused of walking back some of the progressive democratic principles that only a decade ago led observers to describe the country as among the EU's most promising new democracies. We reached out to several of Poland's leading commercial law experts to see whether these changes are affecting the nation's economy and foreign investment.

No Spoiling the Party

Law and Justice's popularity within Poland is undeniable, and its receipt of a remarkable 44% share of the popular vote in last October's elections – the best showing by any party since Poland's return to democracy in 1989 – allowed the party to maintain control of both the Polish Presidency and the Sejm (the lower house of the Polish Parliament), although it lost control of the Senate.

Even before the recent re-endorsement, the Law and Justice party was attempting to force the early retirement of sitting Constitutional Court judges, in a move generally seen as part of an overt strategy to replace them with more party-loyal judges. The plan generated substantial controversy earlier in 2019, with many Poles taking to the streets in Warsaw and other cities in protest. Similarly, the party

consolidated its control of many media outlets, using them as propaganda tools and to attack criticisms as "fake news."

Concerns outside Poland are rising, and the European Union has threatened both to cut funding to Europe's sixth-largest economy and to trigger Article 7.1 of the European Union Treaty, stripping Poland of its voting rights. However, Hungarian President Victor Orban – the leader of a similarly right-wing government in his own country – has said that he will support the Polish government and veto any attempt to apply Article 7, essentially neutering the threat.

Internally, at least, there appears little likelihood of the party's popularity diminishing anytime soon, and the Polish economy seems immune to the controversy swirling around the current government.

Letting the Good Economic Times Roll

"The Polish economy is generally good," says Pawel Halwa, Schoenherr's Managing Partner in Warsaw, but he emphasizes that it would be a mistake to give the Law and Justice party too much credit. "I don't think that has anything to do with politics," he says, "nor with the Law and Justice Party. Such a thing is a result of past activities that strengthened it, as well as the fact that Poland is a large economy with a relatively good environment."



Arkadiusz Krasnodebski

And Law and Justice's approach to the judiciary hasn't impacted businesses much. "The party hasn't yet interfered with business, so we haven't seen any attempts to influence this particular area." As a result, he says, "in general, the market is active. A lot of transactions are taking place and we have seen stable growth in recent months."

But he's not necessarily confident that the economy will remain immune to the party's activities forever. "Instability and uncertainty which result from the party's activities might lead to such outcomes in the future," he says. "In the future, the party's activity might lead to less investment and eventually hurt the economy."

Dentons Warsaw Managing Partner Arkadiusz Krasnodebski agrees that, for the

time being at least, things are good. "The economy, adhering to free market principles, is steady as she goes. The ruling Law and Justice Party wants to control key sectors of the economy, but currently we aren't experiencing any significant change."

Indeed, Arkadiusz Krasnodebski says, it would be a grave mistake to view the ruling party as anti-business or in intractable opposition to all European Union initiatives. "The Law and Justice Party is eager for the country take a great leap forward, and hence it is awash with all manner of development projects. In the near future, we expect Poland to adopt fundamental EU policies regarding climate change and energy production. This is a problem area Poland must resolve as a matter of urgency, given that the country is highly dependent on coal. The EU is moving away from coal as a prime source of energy and this spells difficult and painful energy strategy correctives and corresponding legislative adjustments for Poland."

And it appears that foreign investors remain bullish on the country as well. "I haven't really seen withdrawals from investments that might be connected to the current political situation," Halwa says, adding that, "our clients haven't really commented on the recent political happenings too much – mostly because these people are pragmatic. For investors, stability is the key factor – and for now, I think we are a quite stable place."

Krasnodebski reports that Dentons' clients are not concerned. "Foreign investors are drawn to predictable environments and do like stability" he says. "We haven't noticed any visible slowdown in the volume of investments. That, I think, is due to the fact that the EU shares some common standards that cannot be changed at any party's discretion."

As a result, he says, "none of our clients have voiced a particularly strong opinion on local political affairs. All they rely on is a safe business-political environment and a free market; that is all they need to thrive on." The significance and potential

benefits and returns in Poland, he says, continue to far outweigh any potential political concerns. He quotes the manager of a big bank operating in Poland who recently told him that "Poland is still 'top of the top' in business opportunities."

The Rule of Law

Of course, a strong economy isn't the only criterion of success, and Halwa admits to some concerns about the Law and Justice's strategy for the Polish judiciary and the rule of law. "Given the context of the profession, from a solely legal perspective, we are witnessing a difficult period," he says. "There are concerns about the changes to the judiciary in Poland. So far, there have been various steps aimed at changing the legal system by the governing Law and Justice Party. Some of them were aimed directly at the Constitutional Tribunal, Supreme Court, and common courts in terms of their organization and competence. They tried to change the retirement age for judges as well as various mechanisms of controlling the courts. Fortunately enough, the EU institutions, including the Court of Justice reviewed such decisions, and forced the Polish government to amend them. Even with that in mind, their approach is concerning"

According to Halwa, "the idea, of course, is to make the legal system more subject to the government itself, something that goes against both Constitution and the rule of law. This has two large impacts: first, it makes judges more dependent on the government and makes them think twice before making decisions – this goes against the rule of law."

And, he warns, this process may, before too long, have consequences for investors – both foreign and domestic – forced to turn to the courts. "We have already seen various sanctions for those judges who do not meet the government's expectations in political cases" Halwa says. "To be fair, this still isn't happening in business-related cases, but one cannot exclude that the same might also apply in this area. And second, because of the



Pawel Halwa

changes to the National Council of the Judiciary, the recent appointments of judges might not meet the relevant standards and – as a consequence – the decisions taken by such judges could be challenged." As a result, he says, "this means that we may see more and more appeals, making the system less stable and procedures in the common courts longer than before in the common courts."

Ultimately, Halwa says, the first part of 2020 will reveal a lot about the direction the country takes. "In the next couple of months, we expect a couple of important events. Obviously, the presidential election is the most intriguing one, as polls show we may see for an interesting battle. Multiple candidates are taking part, including – most likely – the current president, and what the final outcome will be remains to be seen."

Krasnodebski agrees that this year's presidential election will "be very significant and quite unpredictable, as a popular journalist is running for president in 2020." According to him, "it may be a shift similar to the ones in Ukraine or Slovakia – it shows that we live in an anti-establishment era, meaning that people are ready for new developments and fresh ideas. Still it does not influence doing business in Poland, where the environment is solid and stable. And there is still an ongoing dialogue with the EU. There is strong, fact-based evidence that the business outlook is good."

Djordje Radosavljevic

MARKET SNAPSHOT: POLAND



THE RESTRUCTURING FRAMEWORK IN POLAND



Daniel Radwanski, Head of Restructuring & Insolvency, Schoenherr Warsaw

On January 1, 2016, Poland revamped its legal framework related to the restructuring of financially distressed businesses with a brand-new Restructuring Law and significantly-amended Bankruptcy Law. The Polish restructuring (and broadly speaking insolvency) framework is now governed by two separate legal acts: the Restructuring Law, which deals with the financial restructuring of indebted companies and businesses, and the Bankruptcy Law, which focuses on the orderly liquidation of the assets of companies and businesses without feasible options to restructure their debts and continue their operations.

The Restructuring Law is the Polish equivalent of chapter 11

bankruptcy in the US. It aims to facilitate the restructuring of liabilities and operations of financially distressed businesses by allowing them to enter into a restructuring plan with their creditors. Since its inception, the Restructuring Law has increasingly been used by debtors of all shapes and sizes, including publicly traded companies, to restructure their debts and seek a fresh start.

The Restructuring Law offers debtors four different legal options: (1) arrangement sanctioning proceedings; (2) accelerated arrangement proceedings; (3) arrangement proceedings; and (4) rehabilitation proceedings. These procedures differ in the complexity, length, and level of protection they afford to debtors and in the intensity of court supervision.

An arrangement sanctioning proceeding is a predominantly out-of-court procedure that resembles the UK scheme of arrangement proceedings. The debtor retains control over its assets and business affairs, drafts and proposes restructuring plans, and negotiates those plans with creditors, and it is re-



sponsible for collecting votes cast by the creditors. A restructuring court will step in only when votes have been cast and the creditors have adopted the arrangement. The sole function of the court is to either sanction or reject the arrangement. However, the court can refuse to approve the arrangement only in certain circumstances (e.g., when the arrangement is illegal). But this flexibility comes at a cost. The procedure offers virtually no protection against enforcement actions and requires a higher majority of votes to have the arrangement adopted than in case of other restructuring procedures.

Other restructuring procedures are “proper” court proceedings in that they are supervised by a restructuring court and a court-appointed restructuring practitioner. But they are predominantly debtor-in-possession procedures with the debtor in charge of its business and assets. To engage in actions and transactions exceeding the ordinary course of business, debtors are required to obtain the consent of the restructuring practitioner or – in the case of a specifically defined trans-

action – the creditors’ committee. In rehabilitation proceedings the default scenario is that the debtor is deprived of the right to manage its business and assets and an administrator is appointed. However, the court may decide that rehabilitation proceedings will also be carried out in debtor-in-possession mode.

Each of the “proper” court restructuring procedures provides debtors with some degree of protection against creditors, including an automatic stay of enforcement proceedings. Public law debts (including taxes) may also be restructured. The arrangement is adopted if it is supported by most voting creditors (majority in number) provided they jointly hold at least two-thirds of all arrangement debts (majority in value).

Another important feature of the Restructuring Law is group voting. Debtors have significant leeway in dividing creditors into groups, which allows them to offer different proposals to different classes of creditors and leaves them room for strategic maneuvering when building creditors’ support for the

arrangement. Also, it is relatively easy for debtors to override the opposition of dissenting groups of creditors by implementing the cross-class cram-down rules.

All these restructuring procedures are available not only to already insolvent debtors but also to debtors at risk of becoming insolvent, and are thus debtor-friendly and relatively flexible. As such, they constitute preventive restructuring frameworks pursuant to the recently-adopted EU Directive on restructuring and insolvency. Although certain changes to the Restructuring Law will be required to fully adjust it to the EU Directive, the Restructuring Law creates a modern legal platform for distressed debtors.

Daniel Radwanski, Head of Restructuring & Insolvency, Schoenherr Warsaw

REVOLUTION IN POLISH CIVIL PROCEDURE



Marcin Boruc, Partner,
Radzikowski, Szubielska
& Partners

The key Polish legal act governing dispute resolution, the Civil Procedure Code of 1964, underwent major reform this year, again. The amended version, with almost 300 changes, including many revolutionary ones, became effective on November 7, 2019.

The declared objective of the amendments is to speed up proceedings by saving work for the courts, although there are serious doubts about whether this can be achieved, due to a number of legislative shortcomings. The role of litigators will become more prominent, because the outcome of the case will depend more than ever on their skills and attention. Still, many changes represent procedural pitfalls, and the new procedure as a whole is a minefield. Presented below are the most interesting changes from a business perspective.

Court fees have been increased significantly, with the maximum fee doubled to PLN 200,000.

Most decisions will be now made by courts in closed sessions. Even a final judgment may be rendered without a hearing if the court finds a statement of claim obviously unfounded. Nor will a hearing be necessary to examine an appeal (unless demanded by a party).

A statement of defense is now obligatory. If not filed, the court may enter a default judgment, taking the facts presented by the claimant to be true.

A preparatory court session will be held before the first hearing to see if a settlement is possible, and if it is not, to prepare

a trial plan. This plan must above all identify those facts in dispute and set a timeline for evidence taking. If the claimant does not appear in person at the preparatory session and is not excused, the proceeding will be discontinued.



Adam Zwierzynski, Counsel,
Radzikowski, Szubielska
& Partners

Most appeals of court procedural decisions will be examined by a different panel of judges at the same court. Only appeals of the most important procedural issues – such as a rejection of statement of claim for formal reasons – will be examined by a higher court.

Unlike before, appeals are now only possible for those parties who request a written statement of reasoning within a set time.

The defense of set-off has been significantly limited. The receivables being set off must now result from the same legal relationship (*e.g.*, from the same contract) and they must be indisputable or proven by means of a document that does not originate solely from the defendant. It is now possible for witnesses to give their testimony in writing.

Most importantly for business, a separate procedure for commercial cases that was abandoned in 2012 has now been reinstated. Disputes between businesses are now subject to additional requirements. The first is “preclusion,” which means that the claimant in the statement of claim (and the defendant in the statement of defense) must include all assertions and supporting evidence. Subsequently, the court will only consider additional evidence or assertions that were either impossible or unnecessary to have been presented earlier (thus, only in extraordinary situations).

Once a case has started, claims cannot be changed (*e.g.*, an increase in the sum pursued), the parties cannot be reconfigured (*e.g.*, by impleading a third-party defendant), and counterclaims cannot be brought (instead, the defendant must bring a separate suit). Therefore, the statement of claim and the statement of defense must be prepared very carefully.

In commercial cases, witness testimony is now only allowed as an exception, after all the other evidence (documents, mostly) has been taken and the court concludes that hearing from witnesses remains necessary. All actions of the parties that have legal effect (*e.g.*, conclusion of contract) can be proven only by means of documents (understood broadly, *e.g.*, email), unless this is impossible for reasons beyond a party’s control.

Agreements on evidence are also allowed. Entrepreneurs can now agree that some types of evidence, such as witnesses and expert witnesses, are excluded.

These changes go beyond the legal process alone and they should be taken into account in the course of doing business. In particular, since witness evidence is now merely subsidiary, businesses need to document their business relationships. Oral agreements should be avoided. All transactions should be confirmed at least by an e-mail. Clauses on evidence will most certainly become an important point when negotiating a contract.

Marcin Boruc, Partner, and Adam Zwierzynski, Counsel, Radzikowski, Szubielska & Partners

RENEWABLE ENERGY INVESTMENTS



Christian Schnell,
Partner,
Solivan Pontes Warsaw

Poland, which still produces 80% of power and 75% of district heating by coal-fired generation, is about to face an unavoidable and profound transformation of its energy market. The Best Available Techniques (BAT) conclusions for large combustion plants that will enter into force in 2021, the derogation mechanism

that will end in 2023, and the medium combustion plant emission limits that will become effective in 2026 all require that enormous and economically questionable investments be made in new filters for coal generation units.

In fact, due to the reform of the EU Emissions Trading System scheme almost all Polish coal units are already operating at a loss. Only 4 GW of recently-commissioned coal power plants and 6 GW of lignite power plants might stay profitable for the time being. But this capacity is not enough to secure the peak load of almost 27 GW in the winter and 24 GW in the summer. Additionally, the operating capacity of gas power plants is limited to 2 GW. Currently, almost 50% of consumer heat is based on district heating, but a switch from coal baseload to gas baseload/combined cycle gas turbines is planned for only half a dozen major cities. Also, 80% of individual consumer heat is still based on coal furnaces, which will have to be exchanged very soon due to bad air quality.

The EU Commission has already fined Poland for insufficient progress. Recently, the government launched a huge program to promote heat pumps and rooftop solar installations. Ultimately, heat pumps will substantially increase the demand for cheap but intermittent renewable power, and storage of power and heat will become inevitable to stabilize the power network and local heat supply. A new market report launched by Enervis Energy Advisors and Solivan forecasts that 10 GW of new wind and 17 GW of new solar capacity will be installed by 2030.

It is no secret that Poland will not meet its 2020 RES target in all three sectors. In 2016, the new government introduced a “distance rule” for the location of wind power turbines which hampered further project development. However, in 2016 Poland introduced a contract-for-difference support scheme, and as a result of the first RES auctions (which took place at the end of 2016 and the middle of 2017) almost 1 GW of small scale solar has been commissioned. In the 2018 RES auction, 1 GW of onshore wind farms and 0.5 GW small scale solar has been awarded and will be commissioned by the end of 2020. The 2019 auction, which will take place in December, should see the award of up to 2.5 GW onshore wind farms and 0.5 GW. The volume for 2020 RES auctions is not yet known, but Poland has to continue with its auction support system until 2020 RES targets are met. Consequently, government representatives have announced that the “distance rule” for onshore wind farms should be cancelled next year. Also grid operators have changed their policy and are currently granting new grid connections for planned RES generators.



Olga Wasilewska,
Senior Associate,
Solivan Pontes Warsaw

The Polish government has also declared its intention to speed up development of the offshore wind energy sector. The currently-granted grid connections amount to a total capacity of 7.1 GW. Poland is currently in the process of developing a spatial development plan for Polish maritime areas, which is required by law to be adopted by the end of March 2021. In addition, work is underway on a dedicated act for this sector.

Considering that support systems are only a temporary solution and will not be available for new projects for a few years, the Polish market is already looking for new solutions to support RES investments. Corporate power purchase agreements are an increasingly popular solution, but only a few agreements for operating wind farms have been concluded so far. The first (sleeved) corporate PPA for a planned 20 MW wind farm has recently been concluded.

The transaction and finance market for RES investments is speeding up significantly and many national and international investors are active on the Polish market – especially in the onshore/offshore wind and small/large scale solar sectors. The financing market is re-opening again, and senior loans from commercial banks and private debt providers are available, as is mezzanine finance.

By Christian Schnell, Partner and Olga Wasilewska, Senior Associate, Solivan Pontes Warsaw



INSIDE INSIGHT: INTERVIEW WITH ANNA WAWRZYNCZAK OF THE POLISH DEVELOPMENT FUND

Polish lawyer Anna Wawrzynczak spent 14 years in private practice with two highly-regarded international law firms before moving in-house with the Coast-2Coast investment fund, where she was Regional Counsel CEE for almost three years. In October 2019 she accepted an offer to become the Legal Manager, Head of the Corporate Division at the Polish Development Fund in Warsaw.

CEELM: Can you walk us through your career leading you up to your current role?

Anna: Well, becoming a lawyer is not an easy or short path so I should probably start with “once upon a time...” (laughs).

Becoming a lawyer is a huge time commitment and it starts early on – in high school, I would say. Completing law school and qualifying, passing bar exams is arduous work. And just when you think

the hardest part is behind you, your ambition pushes you to move up a career ladder. Unlike many lawyers I met, I chose law not because I didn’t know what else I could do in my life. It was a very conscious decision, made in the final year of my secondary school. Before I chose law, I actually wanted to study medicine – but then I started watching *Ally McBeal* (laughs). So high school – that’s when most careers have their roots. First choices are made, like where and what to study, and which languages to learn. When you are a teenager and you don’t know much about real life and schools don’t really provide tools to help you choose wisely, you are on your own. You have to fight. I had to fight for myself. I set goals and I stuck with them. I had to take risks and work hard towards my dreams. I graduated from one of the best universities in this country. I knew foreign languages,

did my postgraduate studies abroad, and I was fortunate to start my professional career with White & Case. Not bad for a first job, huh? (laughs).

Then I joined CMS, and I worked with them for almost ten years. Again, it was a decade-long lesson during which I had the opportunity to work with the best lawyers. After becoming a Regional Counsel in the private equity industry, I had the pleasure to work with both them and White & Case as a client. You get a lot of comfort as a client, when you know how it works from the inside.

Our first professional experience shapes us for the rest of our lives. You start as a *tabula rasa* and your first work environment, bosses, colleagues, and clients have a significant impact on your future career. International law firms have the best know-how in almost every area of



law. You are immediately exposed to cross-border and high-volume transactions and a hands-on approach is very important. I feel like there is no better place to kick-start your career as a young lawyer than with an international law firm. Apart from legal knowledge, you can learn all the technical aspects of the legal work, including project management, negotiations, drafting, and research. After a while in an international law firm, your eye will

never miss a “double space.” You get used to perfectionism.

I do not want to idealize international law firms. They are hard work and can get very competitive. But at the same time, they are a perfect place to start. International law firms hire the best candidates – knowledgeable about current issues, ambitious, and focused. It’s a great feeling to have all those experts as your colleagues, who you can always reach when help or advice is needed.

I had the opportunity to work on the biggest transactions, build my network, and gain incredible experience. While at CMS, I was seconded to UniCredit in London and qualified as an English solicitor. Then the opportunity arose to join the private equity industry as Regional Counsel CEE and to set up a legal team in the region from scratch. So, I did, and it was amazing. A completely different environment, and a great lesson. I went from a company employing more than two hundred people just in Poland to a much smaller team, with a plan to build my own team. After three years the fund exited Poland and now I am fortunate to face new challenges at the Polish Development Fund (Polski Fundusz Rozwoju, or PDF), again in a managerial role. I joined PDF just a few weeks ago and I am thrilled about it. I see it as a great opportunity, so keep your fingers crossed!

CEELM: What are the most significant changes you’ve seen in Polish’s legal market over your career?

Anna: The Polish legal market is in a constant state of flux. There is a visible generational change. Many law firms established after the fall of communism are facing succession issues. Talented lawyers who are leaving big international law firms with a tremendous amount of knowledge and know-how are opening law boutiques, which offer the same quality and level of comfort to their clients as big law firms. This younger generation of lawyers may be perceived as more agile, as they have to be more proactive with business development. SKJ, BCGL, Brzozowska & Barwinska, and Jedwabny

Legal are just a few examples, leveraging high-quality and sector specific expertise. Also law firms operating in cooperation with the Big Four are more and more visible. A few of the well-known legal brands, like K&L Gates and Weil have exited from the Polish market, to be replaced by DWF and Rymarz Zdort.

Another issue is that legal work is becoming less lucrative due to the high competition. A positive thing is that Polish lawyers are becoming appreciated on international markets. There are a lot of “us” holding managerial positions abroad.

CEELM: Why did you decide to join the Polish Development Fund?

Anna: It is a bit self-explanatory. PDF is an extremely successful financial group operating within the new architecture of Polish development institutions. It has made more than 30 capital investments in just a few years, and its acquisitions of shares in Bank Pekao, PESA Bydgoszcz, Polskie Koleje Liniowe, and DCT Gdansk (the biggest container terminal in Poland) are just a few examples. PFR has established the biggest venture capital platform in CEE. So far PDF funds have made more than 200 investments. The funds went to companies from various industries and are located at different stages of development. It is a busy place with a clear strategy, employing the best professionals on the market, so I had no doubts when the opportunity to join PDF arose.

CEELM: What is your typical day at work like?

Anna: It is far from the image people might have from watching American series, where they see lawyers heading to court to spend the day engaged in a trial. I am a not a litigator, so I don’t appear in court often.

Fortunately, in a corporate life there is no such thing as a typical day, which is why I love being a lawyer. I always plan my day, but I am also prepared for the unexpected. You never know what is going to happen before your day ends. When I was

just getting started, working as a junior, there was always this conflict, between constant emails that needed urgent action and the twists and turns of a transaction that required immediate reaction, and it was very difficult to keep up sometimes. Over the years I've learnt to prioritize and distinguish between what is actually urgent and what is presented as urgent but can wait. When I am working on something, I think not only about short-term actions but long-term implications and practical aspects. I try to see big picture and cumulate similar subjects, to be more effective.

My daily routine differs and depends on whether I have an active project on a table or not. Obviously, projects make my schedule busier, but I also learn more. Calls, meetings, and reviewing documents are part of my everyday routine.

A big part of being a manager is supervising my team and assigning different tasks, and assessing progress on various projects. In the morning I review my "to do" list (which is prepared on a weekly basis) and meet with the team to discuss priorities for the day or week. Another thing in the morning is checking emails. Lawyers' inboxes are never empty. There are days when I get hundreds of emails. I have a few simple rules to help me to deal with that, like responding quickly and clearly to those who need my attention or input. This reduces the amount of emails I receive since I like to be very particular as to how and when I will handle a matter. This protects me from being chased by the sender. I also try not to send one-word emails as a reply to everyone on a thread. The more emails you send the more you receive. Never forget that rule.

CEELM: Was it always your plan to go (and stay) in-house?

Anna: I always knew and wanted to try both: private practice and in-house. For reasons mentioned above, I started in private practice, then a few years ago I went in-house. There are many differences, like who you work for – that is, having many clients versus one internal client – or be-

ing a legal expert versus a business expert. The latter is something I appreciate and enjoy the most.

As a private practitioner I was relied on for my expertise in particular areas of law. In-house lawyers are generally expected to handle more legal matters themselves. As an in-house lawyer you reach out to private practitioners only when the issue presented is beyond the expertise of the internal legal department. In-house attorneys are expected to make recommendations for solutions that make sense for the company. This is one of the most rewarding parts of an in-house position. I find in-house work much more challenging, because you are expected to be an expert in every field of law. But it is also more interesting because you participate in a project from the very beginning and you understand the reasoning behind the project and why certain questions are being asked.

I am not saying I will never go back to private practice in the future. If the right offer comes, who knows? You know what they say, never say never (laughs). A good lawyer should always be up for a new challenge.

CEELM: What was your biggest single success or greatest achievement in terms of particular projects or challenges? What one thing are you proudest of?

Anna: There are many big and small achievements, but I am particularly proud to have inspired one person to become a practicing and qualified lawyer. It happened during my Coast2Coast days. Our office manager was looking for an administrative support and one of the candidates was a graduate from a law school with no practical legal experience. I was invited to join the interview. I was drilling the candidate about not choosing law as a career path and going in the office support direction and was told that law was boring and she was not interested in a legal career. That person got hired and after a couple of onboarding weeks I asked her if she would like to help me with some simple legal stuff. I saw a lot

of enthusiasm in her and this "can do" approach. Weeks passed, and she had been a great help to me so I decided to have a little heart-to-heart conversation with her. I asked if she would be willing to give those legal tasks a real try. Months later she decided to enroll for a legal training course to one day become an attorney-at-law. She works as an associate in one of the best M&A law firms now and is happy with the decisions she's made. We are still in touch. I am extremely proud of her but I also cherish the fact I could be a real inspiration to someone.

CEELM: How would you describe your management style? Can you give a practical example of how that manifested itself in the legal department or helped you succeed in your position?

Anna: I prefer using the word "leading" more than managing. I manage tasks, but I like to lead people. The team needs to understand an overall vision, so I always explain "why." Obviously, management is needed to administer tasks and to ensure that day-to-day occurrences are going according to the plan and it cannot be underestimated, but leading by example and by way of clear communication with respect and trustworthiness will always be more beneficial for everyone. I always try to adjust my managerial style to each individual team member. Everybody needs a different approach. It is important to give direction, but at the same time space, so that that the person responsible for the task can get it done. If you want to be a good manager you must be available if problems arise and take responsibility. I also apply the golden rule of praising in public and giving negative feedback in private.

When I was building my team at the PE fund I naturally approached people I worked with in the past and I see it as my personal success that they wanted to join my new team without any hesitation. The greatest proof of leadership is the trust you managed to build by previous encounters.

How that manifested itself in the legal de-

partment I led at the private equity fund is, work was done at the highest standards and although Coast2Coast has exited Poland, I am still in touch with every team member as an ex-boss, peer, mentor, and friend. I feel honored and humbled that I was able to lead such a great group of people and we were able to go through difficult times as one.

CEELM: What one person would you identify as being most important in mentoring you in your career – and what in particular did you learn from that position?

Anna: I have met so many wise and successful people during my career. I am grateful for all of them and for the opportunities they created for me, for all the knowledge they shared, advice they gave me, and even for the harsh words sometimes, but I don't think I can identify any one person I would want to give credit to. Mentoring consists of a long-term relationship focused on supporting the growth and development of a mentee. The mentor is a source of wisdom and support. Your mentor should challenge you and encourage you to think through issues and approaches by asking difficult-to-answer questions. I wish I had one. Maybe my career path would be easier, or I would be in a completely different place now. But I have managed to build a pretty decent career for myself. I can't complain.

Of course, I turn to various people I respect in various situations when advice or encouragement is needed. I am only human after all. Instead of one mentor I can reach out to my friends or family and ask them to be my *ad hoc* mentors. Having only one mentor means that you will be mentored constantly in the same manner. It is better to have different views and draw wisdom from different angles. And you can learn unconsciously by observing others in actions, by reading good materials.

The role of a mentor is to help nudge you in the right direction by challenging and encouraging – but the mentor will not

take the leap for you. It is *your* step you need to take, so at the end you need to trust your gut, since no one has a crystal ball. With career milestones, it is always good to make a conscious decision. To do that you have to research the matter, reach out to your network, ask many questions to others – and yourself – and always play devil's advocate.

CEELM: On the lighter side, what is your favorite book or movie about lawyers or lawyering?

Anna: I watched *Suits* few years ago. It's funny how when I look back (and as a die-hard fashion lover), I mostly remember the outstanding work of Jolie Andreatta, the costume designer who created over-the-top glamor in the series. I was encouraged to watch it by clients from one of the large private equity funds. We had this funny conversation as we were in the middle of a big M&A transaction working terrible hours – they said that when they watch *Suits* they see us lawyers working on their transactions, sending emails around the clock, and then showing up to early morning meetings looking sharp, as if we slept the night.

I watched *To Kill a Mockingbird* with the legendary Gregory Peck a few times. *The Debt*, a film made by Polish director Krzysztof Krauze, is very thought-provoking. John Grisham books and films based on his books are quite enjoyable. *The Trial of Franz Kafka* – the nightmare parable is a masterpiece.

To be honest, most movies and books about law are not my favorite, and they are never my first choice. They are unrealistic and create this false vision of our profession. I usually read a few books at the same time. I love biographies. Currently I am catching up on novels written by Olga Tokarczuk, the Polish author who was awarded the Nobel Prize just a few weeks ago, it is my must-read. In terms of movies, I like fact-based ones. My recent top three TV series are: *Chernobyl*, *The Spy* – the history of Elie Cohen – and *The Crown*.

David Stuckey

READERS' VOICE

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

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

INSIDE OUT: GRUPA LOTOS REFINANCING



The Deal: In July, CEE Legal Matters reported that Norton Rose Fulbright had advised Grupa Lotos SA on the USD 500 million refinancing of loan facilities contracted by the company in connection with its “Program 10+” financing. Clifford Chance advised a consortium of domestic and international banks including Bank Polska Kasa Opieki S.A., Caixabank S.A., Erste Group Bank AG, Industrial and Commercial Bank of China (Europe) S.A., ING Bank Śląski S.A., Intesa Sanpaolo S.p.A, Powszechna Kasa Oszczędności Bank Polski S.A., and Sumitomo Mitsui Banking Corporation Bank EU AG on the deal, with Credit Agricole, CIB, and BNP Paribas SA serving as agents.

The Players:

■ **Counsel for Grupa Lotos SA:** Grzegorz Dyczkowski, Partner, Norton Rose Fulbright

■ **Counsel for the banks:** Andrzej Stosio, Partner, and Maksymilian Jarzabek, Advocate, Clifford Chance

CEELM: Grzegorz, how did you and Norton Rose Fulbright become involved with Grupa Lotos on this matter? Why and when were you selected as external counsel initially?

Grzegorz: Norton Rose Fulbright was selected in a procurement process. Grupa Lotos used its Internet procurement plat-

form, which they use to instruct advisers on important legal work, for this purpose. The criteria for selection were the experience of the bidders and the price offered. We worked for Grupa Lotos in the past, but not recently, and we had the required expertise, so we seized the opportunity to work for them again. We submitted our offer at the end of February 2019 and were selected as the legal advisors to Grupa Lotos in the middle of March 2019.

CEELM: Andrzej, what about you? How did you and Clifford become involved in this deal?

Andrzej: The bidding process for a transaction of such a scale, especially if

it involves one of Poland's strategic companies, is usually more demanding than any other. We have had a good working relationship with Grupa Lotos, which we established while working on a number of projects in the past. We were fortunate to be one of the firms that received a request from Grupa Lotos for a proposal when the process of choosing the legal counsels for both sides began around the middle of the first quarter of 2019. Historically we have usually acted on the lenders' side and therefore we expected to be perceived as a natural legal adviser to the banks. Needless to say, we were really glad to hear that we were chosen for this transaction in late March of 2019.

Maksymilian: A client's decision to hire a legal adviser is always the result of a mixture of different factors. In this case we believe that our track record in advising both borrowers and lenders on a broad range of complex and demanding financings on the Polish market as well as our knowledge of Grupa Lotos' business distinguished us from our competitors.

CEELM: What was the initial mandate when you were each retained for this project, at the very beginning?

Grzegorz: The initial mandate was to advise Grupa Lotos on the refinancing of the facilities extended by the banks a number of years ago to finance their P10+ investment project – an investment programme concluded in 2011 relating to the expansion of Grupa Lotos's processing capacities from 6 million to 10.5 million tonnes a year. The key installations of the 10+ Programme were the hydrocracking (MHC) and solvent deasphalting (ROSE) units. The financing for the P10+ project was structured in a semi-project finance formula, which was no longer necessary, so the company decided to refinance the P10+ financing using a less complex unsecured syndicated loan structure.

Andrzej: The mandate covered negotiations of the term sheet and the finance documents, including the facility agreement, as well as issuing a standard legal

opinion regarding the documentation in favor of the lenders. There were a few uncertainties in terms of the governing law and split of duties between the lenders' and borrower's counsel at the initial stage of the deal, but Grupa Lotos informed us about all of the potential scenarios so that our offer would accommodate each of them. In general, the management of information on the side of Grupa Lotos was very good during the whole transaction.

CEELM: Who were the members of your teams, and what were their individual responsibilities?

Grzegorz: I, Senior Associate Marta Kawecka, and Associate Igor Kondratowicz were the main members of the Norton Rose Fulbright team in Warsaw. I supervised the legal team and participated in most important meetings and conference calls.

Maksymilian: The Clifford Chance team was led by Andrzej, who is a partner and co-head of the Banking & Finance Department in the firm's Warsaw office. The day-to-day work on the transaction was managed by me – this included drafting documents and keeping in touch with our clients' and the borrower's counsel and ING as the coordinating bank. Andrzej and I were the key team members responsible for working out the lenders' common position, negotiating with Grupa Lotos and Norton Rose Fulbright, and making sure the transaction was going in the direction our clients wanted it to go. We also felt continued support from another partner, the co-head of our Banking & Finance Department, Grzegorz Namiotkiewicz, whose experience gave us invaluable insight a number of times in the process, especially at the term sheet stage. In the final stretch of the transaction we were also supported by Associate Wojciech Wator, who did a great job leading the process of satisfying the conditions precedent to utilization of the loan, ensuring the closing was reached seamlessly.

CEELM: Please describe the final agree-

ments with all parties in as much detail as possible.

Grzegorz: The financing arrangements were designed as unsecured, corporate financing. As the P10+ investment project has reached the operational phase, Grupa Lotos decided to refinance its semi-project finance indebtedness by borrowing against its strong and stable balance sheet.

We were consulted by the company at the term sheet stage and shared our experience in structuring similar transactions for strong, profitable borrowers. We also held the pen on all finance documents to make sure they reflect the best market practice and our best drafting skills. The facility agreement was generally based on the LMA-recommended form for investment grade facilities, updated to reflect Polish law and market practice as well as the commercial arrangements specific to this transaction.

Andrzej: The financing was structured on an unsecured basis and the agreement followed the recommended LMA investment grade standard. Based on the profile of the borrower and the purpose of the financing, the parties decided this was the most appropriate way to proceed. These parameters were pretty much known from day one and were established even before we were appointed as the legal adviser to the lenders. Once the process commenced, it was crucial for the lenders to agree how to approach the general corporate and business structure of Grupa Lotos from the credit risk perspective, considering the characteristics and profile of the downstream and upstream arms of Grupa Lotos' business.

CEELM: What's the current status of the deal?

Grzegorz: The credit facility has been disbursed and the refinanced P10+ facility has been repaid from this disbursement and the company's own funds. This is the operational phase of the transaction – the borrower pays the interest and the lenders are counting time to the facility maturity. We believe the facility is being smoothly administered thanks to



Grzegorz Dyczkowski

the lenders' experience and commitment.

Maksymilian: We successfully closed the transaction in early July 2019, which was in accordance with our clients' and Grupa Lotos' expectations.

CEELM: What was the most challenging or frustrating part of the process?

Grzegorz: I guess the most challenging part of the process was to agree on the repayment of the existing P10+ loan. The negotiations over the so-called "pay-off letter" took quite a long time to close and they involved a number of parties. This part of the process took a longer time than we expected, mainly because we had to accommodate the interests of yet another group of the banks – the current lenders.

Andrzej: We do not believe that there was anything particularly frustrating about this process, really. Just the opposite – the whole transaction was conducted in an atmosphere of fair play and comradery, which helped to overcome any potentially difficult moments. This would not have been possible without the open and accommodating approach demonstrated by all the parties involved as well as their advisers.

Maksymilian: Looking back, I think the challenging bit for everyone was to make sure the financial close occurred on a particular date, in order to finally refinance the 10+ Programme. Fortunately, as everyone was well aware of the timing, we were able to structure the work in a way which ensured a timely closing.

As for the commercial points, it was quite tricky to address the potential merger of Grupa Lotos with PKN Orlen and to foresee how it would impact the required documentation. In the end, we believe we found a solution which was the most appropriate in the circumstances.

CEELM: Was there any part of the process that was unusually or unexpectedly smooth/easy?

Grzegorz: I think the smoothest part of the transaction were the negotiations between Grupa Lotos and the new lenders. The banks and the borrower had been discussing the term sheet for a quite long time before we came to the documentation phase, so the parties reached agreements on various commercial and business matters relatively quickly. Also, we need to appreciate the commitment and professionalism of the company's business and legal teams, which we perceive as a huge asset at the negotiations stage.

Maksymilian: We feel that the entire transaction went quite smoothly, really. During the negotiations we tried to pinpoint the key issues and focus the discussions on them – together with our clients and counterparts, we felt like we did a good job in this respect.

One stage of a transaction which can sometimes become a bit cumbersome and slow down the momentum of the deal is the CP-satisfaction process, especially when there are many parties involved. In this particular transaction, however, the CP process was really easy and well-managed. We believe this is thanks to several factors, the first being the discipline imposed by the banks in order to verify all the necessary documents using one of our new transaction management tools, called Workshare Transact. It is particularly useful in deals like this one, where many parties have to look at, and provide feedback on, many different documents in a very short period of time.

CEELM: Did the final result match your initial mandate, or did it change/transform somehow from what was initially anticipated?

Grzegorz: The final result generally matched the initial instruction, because Grupa Lotos requested a quote from the invited law firms which would cover various options which were at the time still subject to the term sheet discussions (e.g., English or Polish law as the governing law of the loan facility – eventually Polish law was selected).

Andrzej: We know from experience that deals can sometimes get out of hand and require much more work than everyone assumed at the start. This was not the case in this transaction - in our opinion the final result matched our initial mandate almost completely. This only confirms that the process was planned very well from the outset, both by Grupa Lotos and the coordinating banks, and that all the parties executed the plan perfectly and worked collectively towards a common goal throughout the deal.

CEELM: What specific individuals at Grupa Lotos directed you, Grzegorz, and how did you interact with them?

Grzegorz: We received instructions from the head of the Finance Management Office, Filip Matulewicz, and from coordinators Tomasz Bajerski and Bartosz Pietras, as well as from Financial Director Przemyslaw Krysicki, who supported them. They form a very knowledgeable and capable team and one of the best client teams to interact with.

CEELM: What about you, Andrzej? Which individuals at which banks direct-



Andrzej Stosio

ed you?

Andrzej: Our main points of contact at the beginning of the process were Robert Dabrowski and Przemyslaw Staranowicz of ING Bank Slaski S.A., which performed the role of coordinator and documentation bank. Robert is the head of the energy sector at ING and Przemek is a sector managing director in the Wholesale Banking department at ING. They are both well-known in the Polish market for their professionalism and goal-oriented attitude. At the term sheet stage we had a few calls and meetings only with ING, Grupa Lotos, and the Norton Rose Fulbright team, and they were joined by the rest of the banks at the documentation stage.

"I think this deal will be a benchmark for a number of new transactions in Poland and in the CEE region. The lenders and the borrowers alike will be looking at the Grupa Lotos financing as the benchmark for the structure, covenants, governing law, and pricing for their new deals in the region."

Maksymilian: As the transaction unfolded, and especially towards its end, the focus and workload on the lenders' side naturally shifted towards the institution appointed as the agent, Bank Pekao S.A., with the experienced structured finance specialists Lukasz Radkowski and Michal Kubik leading the way. Lukasz is a director in that department and Michal is a transaction manager. Having demonstrated a very constructive approach from day one, they were both extremely helpful and, with the support of the agency desk led by Bogdan Danowski (team leader and manager in Bank Pekao's agency team), did a great job of managing the disbursement.

As the lenders' club consisted of six more institutions – Caixa, Erste, ICBC, Intesa Sanpaolo, PKO BP, and SMBC – it would

be unfair not to mention them here. We truly felt that each of them played a vital role in bringing this transaction to a successful close.

CEELM: Grzegorz, how would you describe the working relationship with Clifford Chance on the deal?

Grzegorz: Clifford Chance has a very strong and professional banking team. We know each other very well as some of the CC team members used to work at NRF, and hence our working relationship can only be described as very positive and effective. The legal discussions were mainly held over the phone or email, while the commercial points were discussed and resolved at a single meeting in Warsaw and a single all-parties call.

CEELM: How about you, Andrzej and Maksymilian? From your end, how was your working relationship with the Norton Rose Fulbright team?

Andrzej: We think the relationship worked really well for us, and, most importantly, for the clients. We always knew that Norton Rose Fulbright was a team of commercially-minded professionals who know the market very well and this proved to be the case this time around as well. Grzegorz Dyczkowski, Marta Kawecka, and Igor Kondratowicz, who were the key lawyers on Norton Rose Fulbright's side, led the transaction in a very efficient manner. There were a couple of negotiation meetings with all the parties in Warsaw, followed by a few shorter calls. The conference calls were mainly used as a forum for discussion on the key take-away negotiation points, which the parties needed to digest and confirm internally after the physical meetings.

Maksymilian: We also tried, as much as we could, to take the so-called legal points off the table and discuss them among lawyers only, so that our clients could concentrate on the strictly commercial aspects. Speaking more generally, to both of our teams (NRF and CC), it was crystal clear from the very beginning what our task was and, once we established that we actually had a common



Maksymilian Jarzabek

goal, we made sure to work towards it as best we could, in our clients' best interest. Obviously, there were difficult points which caused some lengthy discussions, but, that being said, we always felt that the prevailing atmosphere was that of fair play and honesty. That was especially true towards the end of the transaction when we were able to reach an agreement quickly on a few sensitive points.

CEELM: How would you describe the significance of the deal?

Grzegorz: I think this deal will be a benchmark for a number of new transactions in Poland and in the CEE region. The lenders and the borrowers alike will be looking at the Grupa Lotos financing as the benchmark for the structure, covenants, governing law, and pricing for their new deals in the region.

Andrzej: In our view, the transaction was important for the market for a number of reasons. The most significant ones were the size of the ticket and the identity of the borrower, which is one of Poland's strategic oil & gas companies. The USD 500 million facility amounts to nearly PLN 2 billion, which is a substantial sum on our market. It could also be argued that this refinancing could be perceived as a final seal for the 10+ Programme, which was a Grupa Lotos strategic development plan implemented in the late 2000s and successfully completed in the early 2010s. We feel proud to have been able to support the lenders in such a great endeavor and we look forward to more of the same.

David Stuckey

MARKET SPOTLIGHT: RUSSIA



GUEST EDITORIAL: IT'S TIME TO THRIVE, NOT TO SURVIVE

I feel a sense of optimism about Russian's legal market that I have not felt since the dark days of the Crimean Crisis in 2014.

This may come as a surprise to commentators who regard deal volumes as the key measure of Russia's health and prosperity, as it is an incontrovertible truth that Russian M&A has remained depressed over the last five years, in stark contrast to the global trend.

But herein lies my optimism. Put plainly, many Russian assets today are undervalued. In sectors ranging from retail to high tech, from manufacturing to infrastructure, Russia boasts some of the most capable and innovative private enterprises. Many of these have been overlooked by the global corporate and investment communities in recent years but there is a growing sense that we may be approaching a "tipping point" in the investment potential of Russia's private sector.

I was privileged to co-chair the IBA "Mergers and Acquisitions in Russia and CIS" conference in November, and my optimism was widely shared by my fellow delegates, several of whom noted an increasing interest from European and US clients in investment opportunities in Russia. The strategic case is clear to see, as, while state controlled players continue to dominate the corporate scene in Russia, the door is open to the inward investment of foreign capital to support the global expansion of our strongest home-grown enterprises.

And, inevitably, any uptick in M&A activity will first and foremost benefit Russia's leading domestic law firms. In recent years, we have seen that both Russian and International clients prefer to use Russian firms, which understand the economic and political environment in which corporates are operating. Furthermore, the devaluation of the rouble has increased the cost of employing international firms, driving clients towards domestic advisers.

However, I believe that we may start to see the window of opportunity re-open for international law firms, after several years of stagnation. Those which have remained committed to Russia have taken steps to realign their operations to focus on meeting the needs of Russian clients and are well placed to advise on international mandates.

I welcome an increase in competition in our marketplace. It raises the bar in terms of access to the highest quality legal advice and it supports an inflow of capital from high quality international investors. This benefits not only of our legal profession, but also our wider economy.

The big unknown quantity is the impact of proposed

reforms in the Russian legal market, with our government's plans to merge the regulated and non-regulated parts of the profession under the umbrella of the Bar. It is still unclear how these reforms would be shaped and implemented, and the uncertainty may cause some international firms to pause and think about their Russian strategies.

Structural reforms in non-legal sectors, however, will doubtless increase the demand for legal services in a broad variety of areas. This will be of particular benefit to full-service law firms helping clients navigate their way through a myriad of complex circumstances, providing them with seamless advice through integrated cross-practice teams. In the case of my own firm, ALRUD, we are seeing particularly high demand for advice relating to data protection and IT security within our day-to-day M&A advisory work.

The other major driver of growth in our market will be Dispute Resolution. The recent approval by Russia's Ministry of Justice of the Vienna International Arbitral Centre and the Hong Kong International Arbitration Centre as permanent non-Russian institutions will allow them to be designated by parties in certain types of Russian corporate disputes. We welcome these changes, which are likely to significantly increase Russia's position in origination of international corporate-related disputes.

Perhaps most importantly, I hope that all of these positive factors will combine to reverse the recent decline in the number of lawyers in the Russian marketplace. There is evidence that the global firms are starting to recruit in Russia once again and while this will inevitably create some competitive tension with their domestic rivals, I maintain the view that good competition is good for the market as a whole. We need our brightest and best to choose a career in the law if we are to maintain the highest professional standards and attract inward investment into Russia. Writing from the perspective of a proud and independent Russian firm, we will of course compete vigorously for the best talent, and I remain confident that we can offer the best career path for budding young lawyers. Stronger competition for talent raises our game.



Alexander Zharskiy, Partner, Alrud

RUSSIA REACTS: IMPACT OF SANCTIONS ON INTERNATIONAL ARBITRATION INVOLVING RUSSIAN PARTIES

SANCTIONS

RUSSIA



Sanctions

Although the format of this article does not allow for a comprehensive review of applicable sanctions, let us set a very broad framework of the key sanctions regimes impacting Russian parties – namely, the U.S. and the EU sanctions.

There are several U.S. sanctions programs targeting Russian entities, *including*:

- The Specially Designated Nationals and Blocked Persons (SDN) program, which blocks assets of SDNs within the remit of the U.S. and prohibits any U.S. citizens or resident and any legal entity or organizations registered in the U.S. (*i.e.*, a “U.S. person”) from dealing with an SDN, unless authorized by the Office of Foreign Assets Control of the US Treasury Department (OFAC)
- The *Sectoral Sanctions Identifications* program, which targets selected industries and applies to certain financing and equity transactions
- The *Crimea-related sanctions* program, which prohibits, with a few exceptions,

any dealing involving Crimean assets or counterparties (*i.e.*, individuals residing in Crimea and legal entities either registered in the Crimea or carrying out activities there)

- The U.S. *Countering America’s Adversaries Through Sanctions Act* of 2017, which targets, *inter alia*, non-U.S. third parties entering into “significant” transactions with Russian sanctioned entities.

Any U.S. person, whether individual or corporate, is bound by the U.S. sanctions regardless of their location. Importantly, a non-U.S. person may become subject to the *secondary* sanctions if such person is involved in, or facilitates, a “significant” transaction with a sanctioned Russian entity or its affiliate. There is no clear criteria to define a “significant” transaction and any such determination would be made by OFAC in its discretion.

The EU sanctions (or “restrictive measures”) can be divided into smart sanctions, which prohibit all transactions with specific entities (“targets” or “EU blocked persons”), and sectoral sanc-

Sanctions imposed by the U.S.A, the EU, and other jurisdictions in relation to certain Russian individuals and legal entities have had a substantial impact on international arbitration involving Russian parties. There exist serious concerns as to the ability of sanctioned Russian parties and their contractual counterparts to realize their right to defend themselves in the course of arbitration proceedings. These concerns have led to changes in market practice regarding the choice of the arbitration forum and to some legislative proposals in Russia that, if implemented, would have a dramatic impact on international arbitration involving Russian parties.



tions, which target sectors of the economy and industries. EU sanctions apply (i) to any national of a EU member state irrespective of his/her location, or to legal entities and organizations registered or carrying out activity in the EU; (ii) any person within the territory of the EU; and (iii) with respect to any business conducted, even in part, in the EU.

The EU sanctions prohibit:

- Engaging in nearly all types of commerce with “EU blocked persons” (designated by Regulations 208 and 269) and
- Engaging in the specifically prohibited transactions with “sanctioned entities” (designated by the so-called “sectoral” sanctions set out in Regulation 833)

EU sanctions also prohibit participation in activities the object or effect of which is to “circumvent” the applicable prohibitions set by the EU sanctions.

Impact on Arbitration

While many scholars would argue that the

nature of arbitration is a quasi-judiciary function and hence beyond the scope of sanctions targeting commercial activities, there are practical problems that arise in arbitration involving sanctioned entities.

The practical problems may arise at various stages, including, for example, the appointment of arbitrators, instructing legal counsel, involving experts, participation of sanctioned persons as witnesses, payment of arbitration fees, expenses, and costs, and paying legal counsel.

Unless expressly authorized by OFAC, a U.S. person (whether a U.S. national or resident or a U.S. law firm) would be extremely uneasy accepting an appointment to act as an arbitrator, counsel, or expert in an arbitration involving an entity under blocking sanctions. Even a non-U.S. person needs to consider the risk of secondary sanctions if he or she gets involved in such an arbitration as it can be argued that an arbitral award may facilitate a “significant” transaction with a sanctioned entity that is prohibited by the U.S. sanctions.

A significant practical impediment is that banks are likely to block/freeze any payments where either the payee or the payer is a sanctioned entity. This would lead to the possibility that any payment in U.S. dollars or euros under an arbitral award could be blocked. That risk would also apply to the payment of arbitration fees and costs and paying legal counsel and other parties in the arbitration proceedings.

Individuals under blocking sanctions may be prevented from participating in an arbitration in person (*e.g.*, as a witness) as their visa applications are likely to be denied. Even though it might be possible for them to participate via a video link, this raises the question of equality of the parties in the proceedings, which in itself may lead to a risk that the arbitral award could be invalidated.

Such risks have led Russian entities, especially those under state control, to start opting for arbitration venues in Asia – Singapore and Hong Kong in particular – as opposed to more traditional forums

in Europe. However, many concerns remain, as sanctions apply to U.S. and EU persons irrespective of their location, so there would still be a risk of secondary U.S. sanctions, and the problem with bank transfers would remain as well.

The most recent development is the Russian Parliament’s July 24, 2019 adoption in the first reading of a draft law which, among other things, entitles a sanctioned Russian party to amend an arbitration agreement/clause unilaterally to switch to arbitration or litigation in Russia under Russian law. If proceedings outside Russia would nevertheless continue, the draft law allows a Russian party to seek damages from its opponent in a Russian court equal to the amount of claims brought in a non-Russian court or arbitration, and also claim a court penalty on its counterpart in the amount of the claim and associated costs.

This means that even if a non-Russian tribunal chooses to disregard the application of Russian law on the subject, the risk in relation to any Russian assets of a non-sanctioned party pursuing a claim against a sanctioned party outside Russia would be significant, and the likelihood of enforcement of a foreign arbitral award in Russia in these circumstances would be close to zero.

To become law, a draft law needs to pass three readings in the State Duma (the lower chamber of the Russian Parliament), be approved by the Council of the Federation (the upper chamber), and then be signed by the President.

Clearly, if the draft law is adopted in its current form, it will limit the ability of most parties, both Russian and non-Russian, to rely on international arbitration as a way to resolve commercial disputes. While at present this appears unlikely to happen, that may well change if new sanctions of significance are imposed on influential Russian entities, which may prompt possible protective and counter measures by the Russian government.

Konstantin Kroll, Partner, Dentons

INSIDE INSIGHT: INTERVIEW WITH ANASTASIYA SHKARINA OF UNILEVER



CEELM: Can you walk us through your career leading you up to your current role?

Anastasiya: I started my career after graduating from Moscow State University in 1998. My first employer was PepsiCo. After spending four years there, I spent five years as Regional Legal Counsel CIS & Baltics for a Swedish cosmetics company, Oriflame, and then four and a half years as Head of Legal at Efes, an international brewing company. From 2010 to 2014, I was the Head of the Legal Department at the Organizing Committee of the Olympic and Paralympic Games in Sochi 2014. I joined Unilever at the beginning of 2015. My current role is General Counsel with responsibility for Russia, Ukraine and Belarus.

CEELM: What are the most significant changes you've seen in Russia's legal market over your career?

Anastasiya: From the perspective of the legal services market, the market has undergone several phases of transformation: in the early 2000s, the lion's share of the legal services market, in monetary terms, was held by foreign law firms. Since the mid-2000s, Russian law

firms have been actively developing, and in terms of the quality of their services they have almost equaled the foreign ones. After the crises of 2008 and 2014, the volume of investments in the Russian economy declined, which narrowed the legal services market. I know several foreign M&A boutiques that had to leave the market. Pressure on corporate budgets reduced the number of client requests to consultants, and clients became much more attentive to fees. Fee caps are often used. This has become another factor of pressure on the legal business. Currently, the sphere of alternative service providers and legal operations is being actively developed.

Corporate legal departments have also undergone a major transformation. In the late 90's and early 2000's, corporations experienced a serious talent shortage, including legal talent. The lack of qualified corporate lawyers in the market has led corporations to rely more on law firms, attracting corporate lawyers for administrative work. Corporate counsels performed many non-core functions, which, over time, led to an increase in the size of the legal departments.

Over time, corporate legal departments began to gain professional experience

and business understanding, which led to the growth of internal expertise. The need to maintain control over costs also contributed to the growth of internal expertise in corporate legal departments. The role of legal department heads has also grown, and nowadays it is not uncommon for in-house counsels to be members of management teams. The level of business expectations towards corporate legal departments keeps growing. Nowadays, a serious trend is the increase of efficiency and automation of routine legal processes.

CEELM: Tell us about the legal department of Unilever. How big is your team, and how is it structured?

Anastasiya: There are 15 employees in the legal department. We also actively use

secondees and alternative service providers to perform tasks in low risk areas.

The legal department consists of: 1) business partners, 2) the Operations Center, 3) the Business Integrity Officer (compliance); and 4) the Brand Protection Manager.

The business partners work in their respective areas of expertise, be it sales, marketing, production and logistics, or finance and HR. They are involved in solving complex non-standard tasks and projects and working on the development and execution of strategies in their areas. A lot of work is done in the area of business education.

The Operations Center is responsible for the support of standard processes (there are about ten such processes) and works via a one-stop shop system. The services of the Operational Center are strongly digitized.

We are committed to enhancing our business partnership with parallel consolidation and automation of standard operations.

CEELM: What is your typical day at work like?

Anastasiya: I have a lot of meetings, both internal (with my team) and with the business. Mailing and working with important documents also takes up about 30-40 percent of my time. I regularly speak at various forums and go on business trips. I am a member of the Local Management Board, which also takes up part of my time.

CEELM: Was it always your plan to go (and stay) in-house?

Anastasiya: There was a period when I was seriously considering an offer from a major consulting company. That was before I got the offer to work on the Organizing Committee of the Olympic and Paralympic Games. Currently, the dynamics of the FMCG business and the role

of legal departments have changed significantly. I am really interested in my work. In addition, Unilever has a number of programs, such as Sustainability, which are very close to my heart. This is why I am planning to stay in-house long term.

CEELM: What was your biggest single success in terms of particular projects or challenges? What one thing are you proudest of?

Anastasiya: The most difficult project I have ever had in my life was participating in the organization of the Olympic and Paralympic Games in Sochi 2014. The Organizing Committee was responsible for the organization of all events related to ticket sales, preparation of the Olympic venues for the Games, the Olympic Torch relay, the catering, accommodation, volunteer and marketing programs, and many others. It was a very complex and multi-component project with stakeholders - the International Olympic and Paralympic Committees & the Government of the Russian Federation. In the course of the project, a huge number of non-standard issues arose that I had never encountered before. It was not always possible to engage external consultants since they also lacked expertise, and due to budgetary restrictions. This project required a lot of hard work and I am glad that the organization of the Games was at a high level. That was also my contribution. I anticipate a new stage of my professional life ahead of me, which I think will be no less difficult than participating in the organization and staging of the Olympic and Paralympic Games.

CEELM: How would you describe your management style?

Anastasiya: I believe that a visionary view is an integral part of career growth. I hope I possess it. It is important to have a broad horizon and an understanding of the external environment to develop the function.

I think it is right to empower qualified employees to perform their jobs, in such

cases we try to set briefs as clearly as possible and to agree on the timing of implementation with the milestones, if required.

I am also paranoid about responsibility and accountability. I try not to set too tight deadlines, understanding that then the risk with quality increases greatly. However, I clearly control deadlines.

Organization of processes is also my passion. I feel calm when workflow is simple and transparent.

CEELM: What one person would you identify as being most important in mentoring you in your career – and what in particular did you learn from that position?

Anastasiya: I only had one official mentor in my life – Sarah Woodhouse, who at present is the General Counsel Europe & Foods Refreshments Unilever. I am in her debt, since she has helped me adapt to Unilever. But there were a lot of people in my life who had a strong influence on my maturation, including my parents, my current manager Gokhan Sarac, the head of the Sochi 2014 Organizing Committee Dmitry Chernyshenko and his deputy Tatyana Dobrokhvalova, Tugrul Agirbas, whom I worked with in the brewing business, and Dmitry Chudakov, my manager at PepsiCo. All these people, and many others, have had a strong influence on me. It is my nature to learn from others.

CEELM: On the lighter side, what is your favorite book or movie about lawyers or lawyering?

Anastasiya: *The Firm* with Tom Cruise, *The Devil's Advocate* with my favorite actor, Al Pacino, or *The Lincoln Lawyer*. Among books, John Grisham, in my point of view, is the best author writing about the profession, as *The Runaway Jury* and *The Innocent Man* are real masterpieces. His books have been filmed a lot of times. *The Lincoln Lawyer* by Connelly.

David Stuckey

EXPAT ON THE MARKET: INTERVIEW WITH SCOTT SENECA OF CLEARY GOTTLIEB STEEN & HAMILTON

Scott Senecal is an American lawyer with Cleary Gottlieb Steen & Hamilton in Moscow. His practice focuses on financial and corporate law, and he has extensive experience in mergers and acquisitions, capital market transactions, and syndicated loans.

CEELM: Run us through your background, and how you ended up in your current role with Cleary Gottlieb in Russia.

Scott: Born in Delaware, educated in New York (Columbia '84, NYU Law '87), clerked for the federal district court in my native state, started with Cleary in 1988 with the aspiration to work abroad, which resulted in time in London (1990-92, '95), Kuwait (1993), and Hong Kong (1994), before landing in Moscow "for a year or two" in 1996, never leaving since. It's been amazing to live in Russia for these years and witness its (non-linear) progress, and work with what now seems several generations of young Russian lawyers.

CEELM: Was it always your goal to work abroad?

Scott: You bet.

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

Scott: One of the pleasures of working in a small office (and a non-departmentalized firm) is that you move with the market. I've been through the market cycles and transitioned from doing mostly capital markets/finance work to mostly M&A work (but much enjoyed working on Armenia's sovereign Eurobond this year). The best way to build up a practice is making clients happy so that they come back to you for the next deal and suggest you to others.

CEELM: How would clients describe your style?

Scott: Surveys say: hands-on and goal-oriented.

CEELM: There are obviously many differences between the American and Russian judicial systems and legal markets. What idiosyncrasies or differences stand out the most?

Scott: Foremost, Anglo-Saxon courts draw on centuries of jurisprudence in resolving commercial/corporate disputes, while spinning out sophisticated business and economic analysis, as exemplified by the Court of Chancery of ... Delaware! The Russian judiciary would benefit from a Chancellor Allen (RIP) or two.

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

Scott: Drafts across a room, ice in a beverage: Russians consider these things potentially lethal; Americans refreshingly cool and soothing.

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

Scott: For the office, to demonstrate by example Cleary's core values of commitment to excellence, devotion to its clients, dedication to diversity, and collegiality. For the clients, by drawing upon a couple decades of deal-making, aligning



client priorities to deal negotiations and results, giving practical risk assessments including when to draw a red line, inventing practical solutions, bridging cultural gulfs.

CEELM: Do you have any plans to move back to the United States?

Scott: Not at the moment, but I dearly love visiting my brother in the old family home in the First State.

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

Scott: The Austro-Hungarian Empire, including its epicenter, Vienna. Of course, the empire has gone out of business, but one can only be wistful for a time when a veneer of German bureaucracy administered many fractious peoples.

CEELM: What's your favorite place to take visitors in Moscow?

Scott: An afternoon walk around Novodevichy Monastery and its pond, then a Georgian re-past, and on to the Conservatory for a concert, a Rachmaninov and Stravinsky pairing, ideally in the late spring when, as the concert continues, the sunlight deserts the hall with lingering regret.

David Stuckey



MPR PARTNERS
MARAVELA, POPESCU & ROMAN

WE TRANSLATE LEGAL
TO BUSINESS



Standing out since 2014

Internationally recognized and repeatedly awarded business law firm.

Providing the full spectrum of **legal, tax & insolvency** services.

www.mprpartners.com

EXPERTS REVIEW: TRANSPORTATION AND SHIPPING

"Nothing burns like the cold. But only for a while. Then it gets inside you and starts to fill you up, and after a while you don't have the strength to fight it."

- George R.R. Martin, A Game of Thrones

Experts Review focuses on Transportation and Shipping this time around, and as the feature is being put together in December and will be published in January, cold is the guiding theme by which the various articles are ordered. Thus, the article from Russia, where the lowest temperatures of any nation on earth have been recorded – a blood-thickening 67.8 degrees below zero, both in 1892 and in 1933 – comes first, and the article from Turkey, which reported a (compared to Russia) relatively warm lowest temperature of only 46.4 degrees below zero in 1990, comes second. cursory online research revealed no report of the lowest recorded temperature ever in Montenegro – only a recorded low of -9.7 in Podgorica – so that's the figure on which the placement of the article from that country is based.

By way of contrast, and to stimulate healthy envy at this frigid time of year, the lowest temperature ever recorded in Singapore was 19 degrees above zero, Celsius, in 1989.



In This Section:

■ Russia -67.8 (1892/1933)	Page 60
■ Turkey -46.4 (1990)	Page 61
■ Latvia -43.2 (1956)	Page 62
■ Lithuania -42.9 (1956)	Page 63
■ Bosnia and Herzegovina -42.5 (1963)	Page 64
■ Ukraine -41.9 (1935)	Page 65
■ Slovakia -41.0 (1929)	Page 66
■ Serbia -39.5 (1985)	Page 67
■ Romania -38.5 (1942)	Page 68
■ Bulgaria -38.2	Page 69
■ Croatia -35.5 (1929)	Page 70
■ Slovenia -34.5 (1956/1968)	Page 71
■ North Macedonia -31.5 (1954)	Page 72
■ Montenegro -9.7 (1956)	Page 73

RUSSIA

Aircraft Leasing and Sanctions: Know Your Risks



Victoria Bortkevicha

Although not specifically related to Russia, the agreement by the Office of Foreign Assets Control (OFAC) between it and the Apollo Aviation Group (Apollo) on the monetary compensation for the settlement of violations by Apollo of the Sudanese Sanctions Regulations that was announced on November, 7 2019, affects the

aircraft leasing sector worldwide.

Based on the announcement, Apollo has agreed to settle its potential civil liability for 12 apparent violations of the Sudanese Sanctions Regulations. The alleged violations arose from Apollo's lease of aircraft engines between 2013-2015 to an entity incorporated in the United Arab Emirates which were then sub-leased to a Ukrainian airline which subsequently installed the engines on an aircraft wet leased to Sudan Airways for use in Sudan.

Although Sudanese Sanctions Regulations are no longer in effect, they were in effect during the period referred to above, and Sudan Airways was identified on OFAC's List of Specially Designated Nationals and Blocked Persons, and therefore the "exportation, reexportation, directly or indirectly, of goods, technology or services from the United States or by U.S. persons" to the entity was prohibited.

When considering the case, OFAC determined the following "aggravating factors": (1) the violations resulted in harm to U.S. sanctions program objectives; (2) Apollo is a large and sophisticated entity"; and (3) Apollo failed to monitor or otherwise verify the actual usage and operation of the engines during the terms of the leases.

Although the lease agreements included provisions prohibiting the lessee from "maintaining, operating, flying or transferring the engines to any countries that are subject to U.S. and United Nations sanctions," OFAC believes that Apollo did not ensure that the engines were used in compliance with OFAC's regulations during the term of the lease. In other words, Apollo did not implement internal ongoing, up-to-date, and efficient sanctions-compliance-and-monitoring policies to reveal the violations in advance.

This case confirms the general understanding of the market that lessors can be held accountable for sanctions violations caused by their lessees and/or sublessees, even if the lessors are not in control of the aircraft or engines when the violation is committed. Another important outcome of the case for the les-

sors is that sanctions compliance monitoring is an ongoing process which shall be implemented during the term of the lease and not only prior to or at the time of execution of the lease agreements, and mere inclusion of the relevant sanctions compliance provisions in the lease agreements is not sufficient.



Vadim Turtsev

In the announcement, OFAC provided a number of examples of potential mitigation measures and of measures which could potentially satisfy compliance obligations of lessors against possible OFAC investigation, namely: (1) obtaining U.S. law export compliance certificates from lessees and/or sub-lessees; (2) periodic monitoring or other verification of the lessees' and/or sub-lessees' compliance with the provisions of the lease agreements, including those requiring compliance with sanctions legislation; (3) enhancement of "Know-Your-Customer" procedures in accordance with global best practice; and (4) U.S. export control training sessions for employees.

OFAC further set out the following mitigating circumstances which it considered in the instant case: (1) no Apollo personnel had actual knowledge of the violation or actions which led to the violations; (2) Apollo had not been penalized by OFAC in the five preceding years; (3) Apollo implemented a number of remedial measures in response to the violations, including implementation of additional compliance systems and hiring additional compliance personnel; (4) Apollo provided information to OFAC in a "clear, concise and well-organized manner"; and (5) Apollo voluntarily disclosed the violations to OFAC.

We believe that, in addition to the above mitigation measures, lessors may also further reduce risks by: (a) implementing and complying with specific due diligence procedures required to assess risks associated with the lessees and sub-lessees, (b) periodically monitoring the usage and operation of the leased assets to ensure that the lessees and/or sub-lessees actually comply with the requirements of the leases, including sanctions related provisions, and (c) familiarizing the lessees and/or sub-lessees with the internal sanctions compliance policies of the lessors and their affiliated entities.

Unfortunately, there is no clear and exhaustive list of mitigating-and-sanctions-compliance measures which will ensure full compliance with sanctions when leasing aircraft assets. However, we believe that in assessing clients, lessors should consider which measures are most appropriate and adequate in each particular situation in order to mitigate possible sanctions-related risks.

Victoria Bortkevicha, Partner, and Vadim Turtsev, Senior Associate, Clifford Chance Moscow

TURKEY

The GDPR's Effects on the Transportation Sector



Nazli Sezer

The GDPR, which canceled previous European data protection regulations, represents the biggest change in those regulations in 20 years. Naturally, this amendment affects the methods of obtaining and processing personal data regardless of the size and structure of the companies doing so. All institutions in the transportation sector, including land, sea, air, and rail operators, agencies, airlines, and municipalities are also subject to the GDPR's requirements.

Why is personal data being used in the transportation sector?

With the development of the Internet and especially the Internet of Things, the transportation sector has become modernized and “smarter” – and thus increasingly dependent on the personal data of its customers. Smart ticketing systems, marketing strategies, efforts to increase the profitability of companies by making faster and effective workflow planning, and new alternative transportation methods such as Uber and Lyft have significantly increased the use and sharing of personal data among companies, with names, surnames, contact information, addresses, travel habits, destination information, ranges that customers can afford to pay, travel hours, and even medical history being only some of the information which is processed within these “smart” systems.

In the transport sector, personal data is actively used: (i) in the establishment of smart ticketing and check-in systems in areas such as airports to increase efficient passenger flow; (ii) to improve efficiency in city planning systems and to allow for the development of autonomous traffic and transport systems and investment strategies in the field; and (iii) to improve the service sector by sharing data with 3rd party companies and organizations such as agencies and advertising companies.

In this context, the results of the processing of personal data in the transportation sector should be examined in two ways. Greater data allows companies to become more sophisticated, more efficient, and more profitable, while at the same time allowing those who use the transportation system to benefit from the sector in a faster, cheaper, and more personalized way. Companies can track customer transportation habits and locations with the personal data they process and offer them a smarter and more personalized service by highlighting useful content in online ticketing sites and applications.

GDPR compliance process of companies



Kaya Kayaoglu

Companies should act on the following issues to make their framework of compliance compatible with the GDPR: (i) review all contracts which the company has prepared and is a party to, including employee contracts, dealer contracts, and supplier contracts, and evenly distribute the risk within the scope of data security; (ii) prepare or update data and privacy policies and prepare clear consent texts specifying what personal data is being obtained for what purposes and from where, how it will be used, and whom it will be shared with; (iii) establish a data inventory system and determine how to store personal data, including geo-location information; (iv) take appropriate measures to ensure that personal data is stored in an encrypted and anonymous manner in all possible ways; (v) establish a process for use in personal data breaches; and (vi) provide in-house awareness trainings on data security.

Sanctions for non-compliance

Failing to comply with the GDPR will result in direct sanctions in Europe. Companies that do not comply with the law will face a penalty of EUR 20 million or 4% of their global turnover, whichever is higher.

As a demonstration of the seriousness of that threat, British Airways and its parent were fined GBP 183.39 million in 2018 for a data breach of 500,000 passengers. Also in 2018, Uber was fined EUR 400,000 by France due to a data breach that occurred in 2016 and affected 57 million users in total, and 1.6 million French citizens in particular.

Conclusion

With the Internet network covering the whole world and the transportation sector becoming “smarter,” the protection of personal data used in the sector has become a necessity. In order to avoid any sanctions, companies need to obtain and process personal data within a legal framework by enlightening people as transparently as possible about their compliance with the GDPR and taking the measures described above.

Since the successful completion of these compliance processes will increase the confidence and prestige of the company in the eyes of customers and increase their willingness to share their personal data, compliance with the GDPR will result in a much more profitable investment for companies in the long term.

Nazli Sezer, Executive Partner, and Kaya Kayaoglu, Senior Attorney, Sezer & Utkaner

LATVIA

Forwarder or Carrier? Liability of a Freight Forwarder Under Latvian law



Gatis Flinters

The law on carriage of goods is a well-harmonized area of international law – a streamlined set of rules that allows cargo owners and carriers to save valuable time and resources. While freight forwarders are an important element of every consignment it is surprising that many elements of forwarder's liability are still regu-

lated by national law.

And in some important ways, forwarder's liability differs in Latvia from that in other countries.

Freight forwarders tend to have dual liability. Unless the parties have expressly agreed otherwise, the forwarder may either be liable only for its own mistakes or may assume the liability of other parties that have been involved in the consignment by the forwarder.

Generally, a forwarder's liability is limited to arranging the consignment in a diligent and prudent manner. However, under Latvian law forwarders also assume the liability of other parties involved in the consignment if the forwarder has expressly or impliedly assumed the liability of the carrier; the forwarder determined the fee for a carriage; the forwarder issued a consignment note in its own name; or the carriage takes place exclusively via road transport.

These conditions for extended forwarder liability can be easily met. Forwarders often set the carriage fees, exclusively use road

transport, or otherwise engage in carrier functions that give rise to implied liability. As a result, in most occasions forwarders assume the full liability of carriers, warehouse operators, and other parties involved in a consignment.

The law limits the maximum amount of forwarder's liability to 8.33 special drawing rates (SDR) for each gross mass kilogram of freight. What is peculiar about forwarder's liability under Latvian law, however, is that the liability limit operates irrespective of the type of carriage used for the consignment. That means that when the carriage takes place by means of transport that has higher or lower liability limits, the forwarder may have a higher or lower liability limit than the limit used for the particular industry. For example, if the loss of cargo occurs within an air consignment, then the forwarder's liability will remain capped at 8.33 SDR instead of the 19 SDR for each gross mass kilogram that is the liability limit for air transport.

These liability limits apply only to cases of cargo loss or damage, but not to cases of delayed delivery, in which the forwarder may potentially be liable for the full amount of the loss. This conflicts with the overall transport industry standard, in which carrier liability is limited to the amount of the fee received for the carriage.

Where the consignor has not set a specific cargo delivery deadline, the forwarder shall be responsible for the delivery of the cargo within a reasonable time. On the other hand, if a specific delivery deadline was set by the consignor, then the forwarder shall be liable for any delay that could have been avoided by an honest and careful merchant. That means that the forwarder must follow a very high degree of care and may become liable for any negligence or wilful misconduct that contributed to the failure to meet the agreed-upon delivery date.

Similarly, as in other countries, Latvian law provides that claims against forwarders expire within one year, except for claims of wilful misconduct or gross negligence, which expire in three years. Recent case law from Latvia's Court of Appeal has provided valuable guidance as to what actions of a forwarder may constitute gross negligence under Latvian law.

In the matter considered by the court the cargo was delivered late and part of the cargo was stolen when the carrier's vehicle experienced technical problems during the carriage. Even though the carrier informed the forwarder about the need to carry out roadside repairs, the forwarder ignored this information for over one month. The court established that the forwarder's degree of care required the forwarder to engage proactively with the carrier and facilitate the safe delivery of the cargo. The court held that the forwarder's failure to demonstrate any interest in the carrier's technical difficulties qualified as gross negligence.

Gatis Flinters, Partner, Cobalt Latvia

LITHUANIA

Transport & Logistics Overview of Lithuania in 2019



Vaidas Mackonis

We will start the overview of the transport and logistics sector in Lithuania by showing the key figures of carriage of goods performed by Lithuanian carriers. The amount of goods carried by all means of transport in Q1 and Q2 of 2019 was 35,025 billion tonne-kilometres – over 16% more than over the same period in 2018, when the amount was 30,175 billion tonne-kilometres.

Growth was fastest in the carriage of goods by road transport sector, as the total amount of goods carried by road in Q1 and Q2 of 2019 was 26,904 million tonne-kilometres, while in Q1 and Q2 of 2018 it was only 21,901 million tonne-kilometres. The growth rate in 2019 was around 23%. In our opinion 2019 was a golden year for the transport and logistics sector.

But what about the future? In our opinion, this industry has to cope with many problems, including challenges related to the growing employment costs, lack of qualified employees, new EU regulations that are likely to be adopted in 2020, and requirements related to the reduction of CO2 emissions.

As regards employment costs, in Q2 of 2019 the average monthly gross salary in the transport sector was EUR 1,110, whereas in Q4 of 2018 it amounted to EUR 830. The increase in monthly salary is mainly related to the increase in the minimum salary in Lithuania, which was raised from EUR 400 to EUR

555 in 2019. The per diem allowance is not included in the average monthly salary; therefore, the actual earnings of drivers are higher than the statistics show. It must be noted that Lithuania's monthly minimum wage is to increase to EUR 607 on January 1, 2020; consequently, employment costs will be even higher in 2020.



Giedrius Abromavicius

The growing transport and logistics sector is experiencing a shortage of qualified drivers and other workers. According to official statistics, the number of employees in the transport and storage sector in 2019 was around 140,000. In the transport sector a number of carriers from third countries, mostly from Ukraine and Belarus, were employed. According to data published by the State Social Insurance Fund Board, in 2019, Lithuanian carriers employed over 17,000 drivers from third countries. Therefore, in order to raise productivity and fill the gap of employees, companies should focus on effectiveness and innovation.

Another big challenge for the transport and logistics sector is the European Commission's Mobility Package 1, which envisages new requirements for carriers and employment. One of the most controversial requirements would oblige a carrier's vehicles to perform, in the framework of a transport contract, at least one loading or one unloading of goods every four weeks in the Member State of establishment. In our view, the new requirements, if adopted, would limit competition between Lithuanian carriers and carriers from other EU countries – and less competition is very likely to increase the costs of transport.

To facilitate their ability to comply with this requirement, carriers are establishing subsidiaries in other EU countries. This would have significant effect on the transport sector in Lithuania, because elements of transport businesses in the country would be transferred to Poland, Germany, or France. In our opinion, these new regulations would seriously affect small carriers with only a few trucks in the fleet.

How to overcome the challenges which lie ahead? In our view, carriers should think about how to increase their effectiveness and competitiveness. It means that employment costs will rise in the future and the development and implementation of new technologies in the fields of transport, logistics, and warehousing could be essential for the industry. In our opinion, investment in the development and implementation of autonomous and environment-friendly transport and warehousing systems could help propel further development of the market in Lithuania.

Vaidas Mackonis, Partner, and
Giedrius Abromavicius, Senior Associate, Cobalt

BOSNIA AND HERZEGOVINA

State of Logistics/Transportation/Shipping in Bosnia and Herzegovina



Indir Osmic

Due to the complex constitutional structure of Bosnia and Herzegovina (composed as it is of two entities, Republika Srpska (RS) and Federation of BiH (FBiH), and the Brcko District), logistics, transportation, and shipping matters are regulated on the state level, entity level, and – in FBiH – cantonal administrative level.

In general, although legislation in Bosnia and Herzegovina (BiH) is not yet highly developed, recent changes and amendments show improvement, as BiH aims to align its legislation with EU standards (in particular under the terms of the BiH Stabilization and Association Agreement, which requires the country to complete that process by the middle of 2021). Consequently, a new Customs Policy Law was adopted to simplify the procedure of export and import (although for that law to be fully implemented a new Law on Value Added Tax also needs to be adopted). It should be noted that BiH has certain strategic advantages when it comes to the free movement of goods, as it has a solid network of free trade arrangements.

On the other hand, BiH's complex structure has led to a lack of legislative uniformity when it comes to logistics, transportation, and shipping, and the existence of three different public postal companies with different procedures and practices, two state railway companies (divided on a territorial basis), and similar complexities inevitably leads to more time spent in “processing” than on actual transport.

FBiH, RS, and BiH have adopted a Transport Strategy to develop the local economy and social environment by securing the sustainable growth of the transport system and developing a system that will improve the mobility of goods and people and ensure physical access to markets, jobs, and education, as well as achieving other social and economic needs.

Logistics, transport, and shipping in BiH is carried out by both public and private (national and international) companies. Three public postal carriers exist in BiH – Posta Srpske, BH Posta, and HP Mostar – in addition to a number of private companies. Unofficial numbers suggest there are around 180 registered transporters.



Stefan Cosovic

There are approximately 25 thousand kilometers of roads in BiH, out of which only 200 are highways. A spotlight has recently been directed on the expansion of the highway network, and several new sections are currently under construction.

The Sava River, which is open for international sailing and acts as a border, has valuable economic potential, especially in the view of navigation and provision of conditions for the economic movement of goods. The main ports in BiH are Brcko, Samac, and Brod.

Four airports are currently operational in BiH. The main one is the Sarajevo International Airport, but the airports in Tuzla, Mostar, and Banja Luka are also considered to be of significant value to BiH logistics, transportation, and shipping. Currently, work is in progress to expand the Sarajevo International Airport by adding another terminal due to increased traffic, both in goods and people, and the airport in Tuzla has been recently renovated. Interestingly, BiH did not have control over its air space above ten thousand meters due to insufficient capacity, so that control was given to Croatia, Serbia, and Montenegro. Only on December 5, 2019 did BiH take control over of most of its high airspace, and significant income is expected due to the amount of flights through BiH's airspace.

Although its potential is not being wholly realized, there are more than one thousand kilometers of railways in BiH, with 57% in FBiH, 40.4% in RS, and 2.6% in Brcko. Certain initiatives have been launched to reconstruct existing railway lines and further develop the railway network.

Even though BiH is showing improvements in all fields regarding logistics, transportation, and shipping, it seems that there is a lot more to be done in order to be on par with other EU countries.

Indir Osmic, Head of Public Sector Matters, and Stefan Cosovic, Junior Associate, CMS Sarajevo

UKRAINE

Ukraine's New Concession Law



Sergiy Datsiv

The new Law of Ukraine “On Concession” (the “2019 Concession Law”) became effective on October 19, 2019, following several years of discussion. As the previous concession law (which was adopted in 1999) provided outdated and unenforceable regulations and was inconsistent

with other laws regulating concessions and public-private partnerships in Ukraine, no significant concession projects had been developed in Ukraine for more than 20 years. The 2019 Concession Law provides a chance for Ukraine to overcome legal barriers to the development of concession projects and attract much needed investment into the country’s infrastructure.

While eliminating discrepancies between concession and public-private partnerships laws, the 2019 Concession Law introduces clear and non-controversial procedures for initiating concession procedures, with both contracting authorities and concessionaires having the right to initiate the transfer of infrastructure objects into the concession, and conducting concession tenders and choosing concessionaires through a competition or competitive dialogue as envisaged by the UNCITRAL’s Model Legislative Provisions on Privately Financed Infrastructure Projects.

In addition, the 2019 Concession Law allows investors leasing state property to obtain concession rights for the property by negotiating directly with the contracting authorities.

The law also includes new rules, providing investors with more options in resolving disputes. Parties to concession contracts may, by mutual consent, choose which law will apply. They may also choose to resolve disputes via mediation, non-bind-

ing expert assessment, international commercial arbitration, or investment arbitration (including arbitration sitting abroad, if the concessionaire is a subsidiary of company incorporated abroad).

The 2019 Concession Law allows investors to request that the state waive its immunity against disputes, which means that foreign investors will be able to bring disputes involving the protection of their rights in most reputable world forums.

The 2019 Concession Law enhances the protection of creditor rights. If creditors (including international financial institutions as well as foreign or Ukrainian lenders) are engaged in concession projects, the relevant concession contracts or financing contracts must guarantee the protection of their rights. In order to secure creditor claims, proprietary rights or rights of claims of a concessionary under the concession contract can be pledged in favor of the creditors. In an event of the concessionaire’s default under a concession contract, the creditor may foreclose on the pledged proprietary rights, with the defaulted concessionaire to be replaced by a new concessionaire.

It is expected that the 2019 Concession Law will significantly boost investment into Ukrainian infrastructure – especially roads and ports, considering Ukraine’s enormous potential as an Eastern European logistical and transport hub. Following the entry into force of the 2019 Concession Law, concession competitions for the “Stevedoring Company ‘Olvia,’” the assets of the Ukrainian Seaports Authority Ports of Olvia and Kherson, and the assets of the Kherson Sea Commercial Port have already been initiated. Concessionaires for the Port of Olvia and the Port of Kherson will be chosen by the end of February 2020. Plans to transfer these assets into concession that were first unveiled in September 2018 eventually attracted the interest of more than 20 international companies.

The concession project in the Port of Olvia envisages the development of a new terminal, with approximately UAH 17.3 billion of investment obligations of the successful concessionaire during the first four years of the project’s development. The concession project in the Port of Kherson envisages the modernization and re-equipment of the port’s loading facilities, with estimated investment obligations of UAH 1.37 billion during the first four years of development.

Once successfully launched, these first concession projects will present Ukraine as a reliable and attractive jurisdiction for infrastructure investments and pave the road for even-more significant investment to come.



Anna Pogrebna

Anna Pogrebna, Partner, and Sergiy Datsiv, Associate, CMS Reich-Rohrwig Hainz Kyiv

SLOVAKIA

Successful Year for E-Mobility in Slovakia



Michal Hutan

Slovakia is essentially a global superpower in the per-capita production of cars, producing more new cars per capita than any other country in the world. According to statistical data from 2018, four global car manufacturers located in Slovakia – Volkswagen Slovakia, Kia Motors Slovakia, PSA Group Slovakia, and Jaguar Land

Rover – produced more than a million cars. The Slovak Automotive Industry Association reports that over 1.08 million cars were manufactured in Slovakia in 2018. It will be interesting to see whether this number will be surpassed given the recent challenges and potential slowdown in the automotive industry.

Some of these car manufacturers have already started to produce electric vehicles in Slovakia, and based on recent trends and the global transition to greener and smarter transportation, it will be exciting to see how large the share of electric vehicles manufactured will compare to that of combustion engines this year.

The current situation in e-mobility markets in Western European countries shows that supporting e-mobility through fiscal or non-fiscal state incentives seems to be the right approach. Based on studies by the European Automobile Manufacturers' Association, the share of electric vehicles on the market is almost zero in countries where incentive schemes and support from the state are very small.

Slovakia would also like to keep pace with Western European economies, so at the beginning of 2019 it finally made a significant stride in supporting electro-mobility as a new trend in the automotive industry. In March 2019, the Slovak Government adopted its Action Plan to Develop E-Mobility, which contains 15 specific measures to develop the e-mobility market. The measures should be implemented within two years and should motivate the wider public to use e-vehicles. With it, the government aims to have between 35,000 and 50,000 registered e-vehicles by 2030.

The most important measures in the Action Plan include the incentives provided to encourage the purchase of e-vehicles, the incentives to encourage the development of the e-charging infrastructure, a simplified process for constructing charging stations, tax write-offs of e-vehicles in two years instead of four years, the possibility for e-vehicles to drive in bus lanes, and charging stations in public parking spaces.

Probably the most attractive measure is a financial subsidy for those who purchase an e-vehicle. On November 18, 2019, the Slovak Ministry of the Economy announced a call for the submission of subsidy requests to purchase e-vehicles, including plugin hybrids. Initially, the allocated subsidy amounted to EUR 5 million, although it was later increased to EUR 6 million. Anyone, including public institutions, can ask for this subsidy, but it is limited to EUR 8,000 per e-vehicle and EUR 5,000 per plugin hybrid. On December 16, 2019, when the registration process started via dedicated portal, the entire EUR 6 million was allocated within four minutes.

The Ministry of the Economy also announced a call for subsidy requests for the construction of public charging stations. The allocated amount of EUR 1 million is dedicated to municipalities and regional self-governments, including their organizations, with EUR 2,500–5,000 to be allocated per charging station. Five percent of the overall costs must be borne by the municipalities, and the remaining 95% will be paid from the state budget. The deadline for submitting subsidy requests was October 1.

In November 2019, the Slovak parliament approved important legislative amendments which will come into effect at the start of 2020 to help further implement the measures adopted by the Action Plan. These include the amendment to the Act on Income Tax allowing tax write-offs of e-vehicles in two years instead of four years, and the amendment to the Act on Road Transportation introducing a special green licence plate for e-vehicles which will allow them to enter specially created zero-emission zones in the cities and use bus lanes.

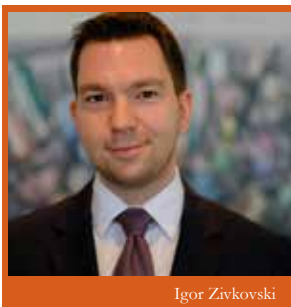
Many other important legislative changes are still to be implemented. These include an amendment to the Building Act that allows simplified administrative proceedings to obtain a building permit for a charging station. In addition, there is the possibility of reducing tariffs for electricity used to charge e-vehicles, which would make the use of e-vehicles even more attractive, although the Regulatory Office for Network Industries has so far been unsuccessful in implementing such reductions.

Overall, the measures introduced and already implemented by the Action Plan seem to be the right approach to develop e-mobility in Slovakia, and it is hoped that future governments will be even more supportive in this field.

Michal Hutan, Partner, CMS Bratislava

SERBIA

Recent Developments in the Field of Transportation in the Republic of Serbia



Igor Zivkovski

Throughout its history, Serbia, located as it is at the intersection between major trading centers, has been recognized as a point of utmost importance in terms of transportation, and it remains so today. This requires constant improvement in transportation conditions and compliance with European Union regulations. In

order to meet these requirements, the General Master Plan for Transport in Serbia (TMP) was adopted in 2009, providing the guidelines and plans for each transportation sector until 2027. The TMP is also the platform for current and future transportation-related projects, irrespective of the funding modality.

The most significant sector of transportation in Serbia is road transportation, so it is not surprising that the major investments are attributed to this segment. From 2014 to 2018, 1,258 kilometers of state roads were reconstructed. In 2019, it was announced that in the next three years nearly 5,000 kilometers of roads in Serbia will be rehabilitated, for which purpose the Government of Serbia shall invest EUR 1 billion. According to the Government's plan, during this period 143 roads shall be reconstructed, including six sections of freeways (283 kilometers), 48 highways (2,054 kilometers), 80 regional roads (2,350 kilometers), and nine local roads (92.5 kilometers). Certainly, the greatest achievement in this field was the opening of the "Milos the Great" freeway – the section of Corridor 11 from Obrenovac to Preljina, in August 2019. This 103-kilometer-long freeway made travelling to Western Serbia, Montenegro, and Bosnia & Herzegovina significantly easier.

The Public Enterprise Roads of Serbia controls 2,960 bridges, and the Infrastructure of Serbian Railways JSC oversees another 956 bridges. Bridges are monitored daily, periodically, and/or annually, and a special commission of experts is authorized to order the rehabilitation and repair of bridges when necessary.

Railway transportation is perhaps the least popular form of transportation in Serbia and its potential has barely been touched since the 1990s. As the intention of the Government is to fundamentally reform railway transportation, comprehensive modernization of the railway infrastructure and construction of new lines is in progress. At this moment, in what is the largest and most significant infrastructure project in this part of Europe, a high-speed line of 74.7 kilometers between Belgrade and Novi Sad is being constructed, which is expected to allow for speeds of up to 200 kilometers per hour. In addition, reconstruction of 68.8 kilometers of the international Corridor 10 railway and the reconstruction of 259 kilometers of regional lines were initiated during 2019.

Water transportation in Serbia has been neglected for decades, despite the importance of the Danube for Europe's river transport. The Government has invested approximately EUR 300 million in the renovation and expansion of existing ports and the construction of new ports, as well as in reconstructing conduits on the Tisa and removing the fleets that have prevented the Danube from becoming navigable. Furthermore, the reconstruction of the ports of Smederevo, Belgrade, and Sremska Mitrovica has been planned. The greatest investment in the field of water transportation in 2019 was the privatization of the Port of Novi Sad, which is expected to become the subject of a EUR 30 million investment by its new owner, DP World, in the near future. It is expected that Serbia shall become the multimodal hub of the Western Balkans, connecting modern ports to Corridor 10.

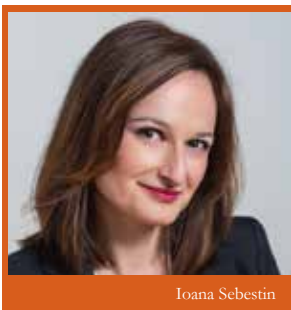
Regarding air transportation, despite the fact that there are as many as 39 airports in Serbia, there are currently only three airports for commercial use. The largest international airport in Serbia is Belgrade Nikola Tesla Airport, the management of which was taken over by Vinci Airports in December 2018 on the basis of a concession agreement. Nis Constantine the Great Airport, outside the city of Nis, is the second largest airport in Serbia, and in June 2019 the Morava airport in Kraljevo was opened for civil transport. The Government plans to invest EUR several million in Uzice's Ponikve Airport in order to open it for commercial use by the end of 2020.

To conclude, the improvement of transportation infrastructure and the applicable regulatory framework will contribute to positioning Serbia as a regional leader in this field in the near future.

Igor Zivkovski, Partner, Zivkovic Samardzic Law Office

ROMANIA

Ridesharing Through Digital Platforms Regulated in Romania



Ioana Sebestin

After a period of uncertainty arising from the absence of any regulations related to ridesharing activities through digital platforms, which included a tumultuous series of strikes and protests by traditional cab service providers in major Romania cities, on June 25, 2019, the Government of Romania passed Government Emergency Ordinance 49/2019 on Ridesharing by Cars with Drivers.

Emergency Ordinance 49/2019 specifically refers to taking into account “innovative transport intermediary solutions,” generated by the current “technological progress of the information society,” and to the ordinance’s passing being necessary, as Romania is a member state of the European Union, to align the country’s legislation with the requirements set out from the December 20, 2017 ruling of the Court of Justice of the European Union in the *Asociacion Profesional elite Taxi v. Uber Systems Spain SL* case.

In the *Asociacion Profesional elite Taxi* case, the court found that the services provided by Uber were not an “information society service, but rather “a service in the field of transport,” and that, consequently, Uber and other similar providers would have to comply with the national rules of each EU Member State on transport services and/or intermediation services in the field of transport. Thus, Romania could no longer afford to postpone the regulation of ridesharing services through digital platforms.

And, indeed, the Government of Romania gladly took over this regulatory challenge, and imposed endorsement requirements, obligations, and penalties for all actors involved in the provision of ridesharing services through digital platforms. In this article, we deal with what the ordinance defines as being the (ridesharing) “digital platform operator.”

According to the ordinance, the digital platform operator must be a “legal entity,” and thus, individuals or other forms of as-

sociations are, at least as the ordinance is currently worded, banned from carrying out such services. In addition, although in its initial version the ordinance provided that “non-resident digital platform operators” had to have a “branch” registered in Romania (i.e., a corporate body without legal personhood), it was amended on November 10, 2019, and the text of the ordinance now provides that such non-residents have to have a “subsidiary” registered with the Romanian Trade Registry. This means that the digital platform operator must incorporate a Romanian company that has distinct legal personhood from the foreign mother company, such as, for instance, a Romanian limited liability company, a joint stock company, etc.

Furthermore, an entity which is a digital platform operator must obtain a technical endorsement from the Romanian Ministry of Communications and Information Society for the digital platform through which the ridesharing services are provided. After February 1, 2020 (unless a further extension is granted through subsequent amendments), the intermediation of ridesharing through a digital platform for which no such technical endorsement exists may incur an administrative fine of between 50,000 to 100,000 Romanian lei (approximately EUR 10,600-21,200), with criminal liability also potentially applicable. In addition, offenders will be prohibited from carrying out any type of economic activity on the territory of Romania through independent software for two years.

The technical endorsement, which is granted upon the payment of a tax of RON 100,000 (approximately EUR 21,000), is valid for 24 months and is in valid throughout Romania. The ordinance states no fewer than fifteen cumulative conditions that must be met by the digital platform in order to qualify for the technical endorsement, including the holding and displaying of information, electronic invoicing, data protection compliance, and the mandatory availability of information in the Romanian language. Even the breach of one condition will lead to the termination of the technical endorsement by the Romanian Ministry of Communications and Information Society.

The regulation of the activity of the ridesharing digital platform operator under the ordinance means that operators who breach obligations involving regards quality insurance, cyber-security of the digital platform, admission/elimination of ridesharing operators/drivers/cars/passengers, *etc.*, will face severe penalties.

However, these penalties will be applicable only after February 1, 2020, as digital platform operators and other actors involved will benefit from a grace period until then.



Gabriela Zudor

Ioana Sebestin, Leader of Transportation and Logistics Practice, and Gabriela Zudor, Associate, Peterka & Partners Romania

BULGARIA

Bulgaria: The Automotive, Logistics, and Transportation Hub of the Balkans



Kostadin Sireshstov

The automobile part-and-component-production sector's expansion in recent years has become a motor of the Bulgarian industry and economy. Since the Japanese company Yazaki's investment some 15 years ago, and following Bulgaria's EU accession in 2007 – and thanks to the common European market and the globaliza-

tion of car production – Bulgarian car part manufacturers have successfully integrated into European and international supply chains as suppliers and subcontractors for global brands such as BMW, Mercedes, Renault, Nissan, Audi, Ford, Porsche, and Tesla. Nowadays, 80% of all cars have parts produced in Bulgaria. In some specific segments, Bulgarian manufacturers have become absolute market leaders - for example, 90% of the airbag sensors in all European cars are produced in Bulgaria.

For several months the decision of Skoda/Volkswagen, which put Bulgaria on the short list for its future plant for several of its brands, has been expected. If the investment happens in Bulgaria, this would be the first large-scale investment in the production of finished cars, and, at more than EUR 1.5 billion, it would be on a completely different scale than previous investments. The Bulgarian government is also currently in discussion with leading electric car and battery manufacturers from South Korea, the UK, and France regarding potential investment in a high-tech factory in the country.

Following the rapid development of the automotive sector in Bulgaria, the leading car dealership in Bulgaria, Moto Phohe (which sells Fords, Volvos, and Range Rovers), was successfully acquired by Japan's Sumitomo Corporation holding company.

Boom in Logistics and Transportation

The Bulgarian government has put deliberate effort into boosting the logistics and transportation sector in Bulgaria by attract-

ing leading international players.

The Plovdiv airport concession was awarded to China's HNA, and in 2019 the concession of the Sofia airport – the largest PPP in Bulgarian history – was made available, with a number of foreign investors – including GMR from India – participating in the highly-contested tender. It is expected to complete in 2020 and to bring investments in excess of EUR 1 billion and a new terminal. This success follows a significant increase in the number of passengers flying to and from Bulgaria's key transportation hubs: Sofia, Varna, and Burgas (with airports operated successfully for ten years by Fraport).

The underdeveloped railway sector in Bulgaria has had a renaissance over the last few years, with major parts of the rail infrastructure projects awarded to leading international companies. China Communications Construction Company, Ltd. (one of the largest construction companies in the world) won the tender for the construction of Elin Pelin-Kostenets high-speed railway in Bulgaria, marking a major milestone for the sector. The construction of this section of the Bulgarian railway system is expected to start in 2020 and to finish by 2022.

Transportation of natural gas was the real highlight of 2019 for Bulgaria with both the interconnector between Greece and Bulgaria and the extension of the TurkStream pipeline bringing in over EUR 2 billion in investments. With suppliers such as Corinth Pipeworks S.A. (Greece), Completions Development Sàrl (Luxembourg), and many others, these projects will develop over coming months and will contribute to the diversity of the supply.

Despite the fact that the road construction sector in Bulgaria continues to be dominated by local contractors, some of which are state-owned, several projects are ongoing, with the extension of the Struma and Hemus Highways being the most notable. The Toll System project, which has been delayed for quite some time upon its development by an Austrian company, is expected to be put in operation in 2020, thus boosting the income from trucks and other vehicles passing through Bulgaria.

New Opportunities

Construction of the Shipka and Petrohan tunnels constitute major challenges for the Bulgarian civil construction and transportation sector, which lacks the necessary capability, and most likely some major foreign players will participate in these upcoming tenders.

Sofia's hosting of the recent 16+1 Summit of countries from Eastern Europe and China and Bulgaria's active participation in the One Belt One Road initiative provide further opportunities for investments into the automotive, logistics, and transportation sectors of the country.

Kostadin Sireshstov, Managing Partner, CMS Sofia

CROATIA

Trends in Logistics and Transportation: The Struggle Between Technological Development and Restrictive Legal Rules



Marija Zrno

The words which probably best describe trends in the field of logistics and transportation are “information connectivity” and “automatization.” The aim of both is the same – to increase efficiency and to achieve effective control of time, costs, quality of services, *etc.* In Croatia, as elsewhere, these concepts have resulted in some new legal challenges.

As customers, we all want packages to be delivered to us as soon as possible, and we often want to have control of the whole process, including the delivery status and the exact time and place of delivery. To improve the quality of their service, providers use various mobile applications and delivery tracking solutions. Furthermore, businesses use tracking devices such as GPS devices in their vehicle fleets to improve the planning and operation of deliveries. All of this requires processing significant amount of data – including personal data. Unsurprisingly, it is often challenging to ensure a proper balance between the need for data control and privacy and security restrictions.

What we see in Croatia is not only the increased use of various information and communication technology solutions (especially vehicle tracking devices), but also significant efforts by businesses to comply with applicable legal rules. Executing data processing and other agreements with services providers is not enough; it is important to make necessary legal assessments and ensure that basic principles (such as data minimization and purpose limitation) are respected. In most cases, a data protection impact assessment will be required, based on the list of processing operations which require such an assessment that is published by Croatian data protection authorities as mandated by the General Data Protection Regulation. As the use of information and communication technologies often requires the processing of employee data (as when the location data of delivery drivers is provided, or their driving behavior), local employment rules must also be taken into consideration. In Croatia, these rules are quite strict, making efforts to balance the need for data control and privacy restrictions even more challenging. Compliance with Croatia’s employment rules includes strict application of data and purpose minimization, as well as the proper preparation of relevant employment documents and formal authorization of persons involved in the personal data processing.

However, the complexity of the new trends does not stop there. The use of artificial intelligence, for example, is an increasing factor in this field. The 2019 World Intellectual Property Organization report shows that the transportation industry is one of the leaders in exploring the commercial exploitation of AI. This seems logical, as the use of AI helps market players increase the scope of automated working processes, which is of significant value in transportation because of the sector’s heavy reliance on human workforce in business operations. This seems to be recognized by the producers and service providers offering new solutions in Croatia – *e.g.*, the use of robots in warehouses, which increase labor productivity – as well. Certain Croatian start-ups offering such new solutions for businesses have been boosted with large investments in 2019. Such solutions seem to be used more and more by providers of logistic services, among others. The legal struggle starts when the “old” rules need to be applied to such new solutions (*e.g.*, the question of liability for damage caused by AI-powered machines, and IP protection) and when businesses need to comply with the increasing number of regulations – with new and strict rules on data privacy and security representing just a few. From the business point of view, it is thus important to adapt existing contractual clauses to such new situations, as well as to keep track of new regulations and ensure that compliance measures are duly implemented in processes from the very beginning. This is necessary to ensure that the benefits achieved by new solutions are not diminished by the high fines and damage claims which could be triggered if the legal rules are not respected.

Marija Zrno, Partner, CMS Zagreb

SLOVENIA

Can EU Member States Protect Vital Air Routes After the Bankruptcy of National Air Carriers by Subsidizing Those Routes?



Petra Plevnik

Slovenian national air-carrier Adria Airways is one of many European airlines that filed for bankruptcy in 2019. While passengers with planned trips and prepaid tickets were left to their own ingenuity, the Slovenian Government worried about the effects of Adria Airways' bankruptcy on Slovenia's air traffic and important

airline connections from Ljubljana Airport to other important cities and regions.

Two possible solutions have been suggested should the airline market fail to replace the lost routes. The more expensive and least likely option involves the founding of a new "national" airline. The second and more likely option involves the imposition of the Public Service Obligations routes (PSOs) under Regulation (EC) No 1008/2008 of the European Parliament and of the Council of the September 24th 2008 on common rules for the operation of air services in the Community (the "Regulation").

While the Regulation clearly states the general principle of the freedom to provide air services within the EU, Articles 16–18 enable the Member States to impose PSOs connecting an airport in the Community and an airport serving peripheral or development region in its territory or on a thin route to any airport on its territory, if such routes are considered vital to the economic and social development of the region which the airport serves. Although the Regulation does not define "thinness," it appears, based on the existing PSOs, that routes with more than 100,000 passengers a year will not qualify.

Currently, 179 PSOs have been established in the EU, with only seven routes linking airports located in two different Member States. All the other PSOs are domestic routes, ensuring the connectivity of a remote region to one or more main cities in a Member State.

Since the territory of Slovenia is relatively small, the Slovenian government would only be interested in establishing PSOs that would connect the airport in Ljubljana to airports in other countries. Adria Airways' routes were particularly adapted to the needs of business people and ensured great connectivity to their key destinations. And while some airlines quickly took over some of Adria Airways' previous connections to Ljubljana, the

newly-established connections are often less useful for business people than Adria Airways' connections had been. Furthermore, several connections previously flown by Adria Airways have still not been established (especially some important connections to other destinations in CEE). Several other internationally well-connected airports are available in relative proximity of the state border (*i.e.*, a 3-to-5-hour drive from Ljubljana), but since Ljubljana is the heart of the business and governmental activity in Slovenia, which remains a heavily centralized country, the importance of having its central region well connected by air cannot be overlooked.

The Regulation emphasizes the importance of a free market, and as an exception, the PSOs should be subject to strict requirements and limitations. However, where the free market does not ensure an appropriate level of air transportation where needed, the Member States are provided with a certain margin of discretion to judge the vital importance of a route for the economic and social development of the region the airport serves. Nevertheless, according to InterVISTAS' 2015 Economic Impact of European Airports study, a 10% increase in connectivity stimulates the GDP (per capita) by an additional 0.5% and the GDP growth rate by 1%, and it leads to an overall increase in labor productivity. Better connectivity, therefore, also strengthens the "four freedoms" within the EU (*i.e.*, the free movement of goods, capital, services, and labor).

A coherent analysis of the consequences of Adria Airways' bankruptcy to Slovenia's economic and social development has not yet been made, so no factual assessment regarding the justification for establishing PSO routes according to the Regulation can be made at this point. Also, although the Regulation only applies to intra-EU airline routes, the Member States still have to follow State aid rules and EU competition law when subsidizing either intra- or extra-EU airline routes, so this aspect would have to be considered as well.

What can be generally concluded is that each Member State has a mechanism to protect its vital air routes (and national interests) by establishing PSOs when the market itself does not deliver an appropriate level of air transport services. However, there would have to be a well-reasoned justification for such a decision that would comply with EU law. A bankruptcy of a national air carrier that provided its services based on the needs of the domestic market, without any other objectives, is therefore not sufficient.



Masa Kramar

Petra Plevnik, Partner, and Masa Kramar, Associate,
Miro Senica & Attorneys

NORTH MACEDONIA

“Little Schengen” Project in a Nutshell – What Does It Mean For Your Business?



Marija Filipovska

If the Western Balkan countries are in your business spotlight, you must have heard about the “Little Schengen” project that was discussed between the governments of Albania, Serbia, and North Macedonia, and the signing of the consequent Declaration on Establishment of Free Movement of People, Goods and Services on

October 10, 2019 between the leaders of these countries (“Little Schengen Declaration”). Although it may be argued that the “Little Schengen” project comes as an answer to the fact that the “Big Schengen” is still out of the reach for these Balkan countries, closer economic cooperation between the Western Balkan countries is a trend that’s being going on for a while. In particular, four months prior to the signing of the Little Schengen Declaration, North Macedonia and Serbia signed an agreement to establish joint controls at the border crossing point of the road between North Macedonia and Serbia (the “Bilateral Agreement”).

The main idea behind both the Little Schengen Declaration and the Bilateral Agreement is to lift barriers on the movement of goods, services, and people between the Western Balkan countries. So, politics aside, what does it mean for your business?

The Little Schengen Declaration stipulates cooperation, mainly, in: (1) the free movement of goods: (*i.e.*, enhancing border crossing point procedures and infrastructure, and mutually recognizing of documentation accompanying goods); (2) the free movement of people and freedom to provide services (*i.e.*: (i) allowing the movement of people with possession of ID card starting in 2020; (ii) ensuring unique stay and working permits; (iii) regulating social security and employment requirements; (iv) recognizing professional qualifications and mobility; and (v) strengthening cross border cooperation); and the free movement of capital to increase investments across the region.

The Little Schengen Project should mean cheaper products and services, with less paperwork, which should contribute to greater economic cooperation. In addition, Serbia, North Macedonia, and Albania would be presented as a single market to foreign investors. If the “Little Schengen” is seen as a customs union, it would be a positive step for the region’s reintegration. This would facilitate increased business (at lower costs) between neighboring countries, which would have a positive impact on economic growth.



Dusan Bosiljanov

For its part, the Bilateral Agreement increases the possibilities for further strengthening and improving mutually beneficial and well-balanced long-term economic cooperation between Serbia and North Macedonia. The parties agreed to establish joint controls at the Presevo-Tabanovce border crossing point. These joint controls started at the end of August 2019. Based on this positive experience, North Macedonia initiated a similar form of cooperation with Albania as well.

In concept, the joint controls will act as a one-stop-shop and simplify customs procedures, with the control of vehicles and goods carried out in one place. The main benefits of the implementation of joint controls as a one-stop-shop include: (i) decreasing the border crossing time and reducing unnecessary delays (thus accelerating freight traffic); (ii) providing a higher degree of coordination of border controls (reducing the likelihood of customs fraud by allowing for a direct inspection of documents as part of goods control and enforcement of border formalities); (iii) lowering costs for companies (the quicker flow of goods will reduce the costs of cross-border trade, which will significantly cheapen freight transport and provide greater competitiveness for importers and exporters); and (iv) minimizing the opportunities for smuggling and fraud (companies would not be able to present different values for goods, since the value of goods exported from Serbia or abroad would have to be the same in the documents for North Macedonia).

The implementation of these projects should have a positive impact on regional economic growth, although the projects are in their initial phase and many issues (especially involving legal aspects) which are necessary for the realization of the planned cooperation in practice remain unresolved. It is expected that the implementation of these kind of initiatives and business reforms will increase economic cooperation by providing better transport connectivity between the countries of the Western Balkans, which should result in greater economic development of the region.

Marija Filipovska, Partner, and Dusan Bosiljanov, Attorney at Law, CMS Skopje

MONTENEGRO

The Current Status of Montenegro's Transportation Sector



Igor Zivkovski

The transportation sector is one of the most important factors for a country's progress. Montenegro's transportation sector has been transforming over the past few years towards the goal of harmonizing its infrastructure and services with European Union regulations. The Transportation Development Strategy of Montenegro for 2019-2035 (the "Strategy") was adopted to regulate the guidelines and plans for future projects as well as to present the current state of the transportation sector in Montenegro. The Strategy aims to improve transportation in Montenegro and thus significantly enhance both tourism and business.

Montenegro has approximately 7,000 kilometers of roads, with approximately 1,850 kilometers of main and regional roads. Currently the main roads connecting major urban centers have only single carriageways with one lane per direction. There are no freeways in Montenegro.

In October 2015, however, construction of the Bar-Boljare freeway began. This freeway will contribute to the opening of many opportunities and further realization of the potential of Montenegro's northern region by providing a better and faster connection between it and the central and southern parts of the country and safer and more efficient transportation for people, services and goods.

The railway transportation sector has shown considerable progress in the past decade, with over 48% of Montenegro's railway infrastructure rehabilitated, and overhauling work on remaining segments either ongoing or planned. Montenegro's railway network consists of three mostly electrified, standard gauge railway

corridors with a total length of 150 kilometers. These railways connect the Port of Bar with Podgorica and Serbia, the cities of Podgorica and Niksic, and Podgorica with Albania. Continued Improvement of railway infrastructures will increase rail efficiency and attract additional ridership.

For Montenegro, it is very important that air transportation is well developed, because of many tourists coming from around the world every year. Air transportation in Montenegro is facilitated by international airports in Podgorica and Tivat, but expansion and upgrades are necessary for each to cope with increasing seasonal air traffic. Montenegro also has airports for general aviation in Berane, Zabljak, and Niksic. There is an initiative to open an airport in Ulcinj in the future.

The most significant sector of transportation in Montenegro is maritime transportation. Montenegro has implemented 70% of the EU directives and regulations regarding maritime transportation. The ports in Montenegro are the Port of Bar, the Port of Kotor, the Port of Adria, and the Port of Zelenika.

Since 2006 the Port of Kotor has specialized in cruising tourism, becoming one of the busiest destinations in the Mediterranean. Reconstruction and equipping of the Port of Zelenika is planned in order to make it open to more international traffic, with an emphasis on the tourist-passenger segment. The Port of Bar has been partially privatized – that part renamed the Port of Adria – and the Government of Montenegro has been trying to valorize the remaining part. The Port of Bar currently operates significantly below its capacity because there are major barriers for port usage, such as limited access by road and railway plus non-competitive costs.

The only intermodal station between railway and maritime transportation in Montenegro is established in the Port of Bar. Improvements in the Port of Bar will be achieved by improving that railway connection, expanding the gates and passenger terminal, better valorizing certain port services, and valorizing the port as a new cruising destination.

Also, it is important to emphasize that maritime companies Crnogorska Plovidba JSC and Barska Plovidba JSC plan to revitalize the Montenegrin merchant fleet by acquiring new ships as soon as market conditions permit. In order to further develop shipping in Montenegro and the traditional connection between Montenegro and Italy, it is necessary to renew the maritime Bar-Bari-Bar line.

Developing an efficient transportation system is necessary for the ensuring both economic and social prosperity in Montenegro. The country is currently planning a major overhaul of its road and railway networks, the expansion of its air transportation system, and the further valorization of its maritime system.

Igor Zivkovski, Partner, Zivkovic Samardzic Law Office

THE CONFIDENT COUNSEL: THE SECRET TO KILLER PRESENTATIONS

It's your time to shine. You have been chosen to present at your favorite legal conference.

Naturally, you are a little nervous, but you expect your audience will start rocking once they warm up. As you get past five minutes, they are still not rocking. In fact, they look like dead fish with their mouths hanging open. This is *not* helping your confidence - you just want to get the hell out of there. So, you start to speed up your presentation, which confuses everyone ... including you.

If you found this description similar to your own experience presenting, you might appreciate knowing the number one technique for transforming a boring legal presentation into something that brings audiences to life.

Step 1: Identifying the Benefits

To deliver a presentation that interests your audience, you need to identify why they should be interested. Unfortunately, most lawyers find it difficult to explain besides: "It's an interesting topic." Do you often sit in on presentations simply to "hear an interesting topic?" Probably not. More likely, you go to presentations to pick up a few insights that will help you with your work (*i.e.*, to be enabled). For this reason, you should focus on trying to identify your audience's WIIFY ("What's In It For You"). In other words, how they will *benefit* from what you have to tell them.

If you have trouble identifying the WIIFY for your presentation, try phrasing it as: "This presentation is important to you because [insert audience benefits]." For example: "This GDPR presentation is important to you because it will help you avoid the three most common compliance mistakes."

Step 2: Using the Benefits

Once you identify the WIIFY, make it the heart of your presentation by promoting it via (i) *your agenda*, (ii) *your slides*, and (iii) *your takeaways*.

Regarding *your agenda*, explain the WIIFY when you get to

your "agenda" slide. If you watch audience behaviour, you will notice that most presentations are won or lost by the agenda. When the presenter fails to describe the benefits of the presentation at this point, you can see audience members drifting off (often, painfully, by checking their phones). On the other hand, skilled presenters draw their audience in by using the agenda as a teaser for their presentation's benefits.

Regarding *your slides*, use the WIIFY to filter out bad slides and useless information. Lawyers often make the mistake of including too much – too many words, too many slides – in order to ensure that the audience gets all of the information that they might conceivably need. If you do this, you kill your presentation by forcing your audience to search for the information they need among all the other stuff they don't. To avoid this mistake, use your WIIFY to examine each of your slides. Delete all slides that don't promote your WIIFY. If you decide to keep slides, reduce the wording as much as possible so that you are only using the words that are crucial to communicating the WIIFY.

Regarding *your takeaways*, lawyers oftentimes forget to put into their presentations any takeaways, such as links to websites or blog posts. Leaving this information out denies your audience the most important element for ensuring that they get a lasting benefit from your presentation. You can end your presentation with a powerful conclusion by listing three valuable resources that your audience can consult to learn more.

My Takeaway

Learn more about the WIIFY method and other valuable presentation techniques with Terry Weissman's book *Presenting to Win*.

Aaron Muhly is an American lawyer who has been training European professionals on clear writing and effective communication for over 15 years



Thank You To Our Country Knowledge Partners For Their Invaluable Input and Support



Bulgaria



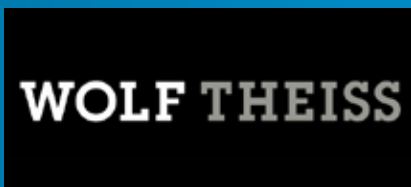
Croatia



Czech Republic



Estonia



Hungary



Latvia



Lithuania



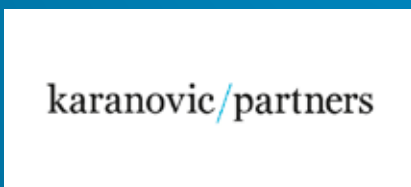
Poland



Romania



Russia



Serbia



Slovenia



Ukraine



C/M/S/

Law . Tax

Excellence in CEE

- Only firm to be top ranked by Chambers Global for every CEE category
- More M&A deals successfully completed than any other firm
- 600+ lawyers across 17 CEE offices
- Advising clients in CEE for over 30 years
- More UK and US lawyers on the ground than any other firm
- German, English and local language advice from every office

CMS is an international law firm that helps clients to thrive through technical rigour, strategic expertise and a deep focus on partnerships.

Your World First
cms.law