Year 12, Issue 3
April 2025

CEE Legal Matters

In-Depth Analysis of the News and Newsmakers That Shape Europe's Emerging Legal Markets

Impressum:

CEE Legal Matters Kft.
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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

GUEST EDITORIAL:
"SO YOUR HOURLY RATE IS 500 EUR..."

By Pal Jalsovszky, Managing Partner, Jalsovszky

This is not the sentence commonly heard in law firms across the region at the moment. But that might not be the case for much longer.

Personally, I always found pure hourly billing arrangements with clients frustrating, and I never considered them fair or justified. Especially in the case of clients who booked a one-hour consultation and, during a brief Q&A session, essentially extracted my entire knowledge on a given topic – all for roughly 180 EUR. What consoled me was that, after these one-hour sessions, the possibility of a larger advisory engagement often came up. One where, on the final invoice, the 180 EUR hourly rate would be multiplied not by 1 hour but possibly by 100. And that restored the balance.

However, in the future – like many other aspects of legal work – this is expected to change significantly. Legal technology and artificial intelligence are making their unstoppable entrance into the legal profession and will take over a substantial portion of tasks currently performed by lawyers. Those tasks, in particular, are the ones that generate high advisory volume and therefore high revenues on an hourly basis. This process has already begun with the translation of legal documents – gone are the days when drafting an English version of a contract could justify billing the client for 20-25 hours of work. Most of us Managing Partners didn't mind this too much since translating was always a point of contention with clients – how to price it (since it didn't bring as much value to the client as another type of 20-25 hour consultation, yet it still tied up significant fee-earner capacity). But what is coming will be much more painful. Legal due diligence? There will be technology that can identify risk points in a database more reliably than a junior lawyer. Legislative summaries? AI will do them perfectly – they will only need a final review. First drafts of contracts? If you write a good prompt, the AI-generated product will only require some light editing at the end.

In the past, the bulk of our revenue came from these time-consuming advisory activities. But within a few years, clients will not want to pay serious fees for such types of work – they will see them as routine activities that technology can handle. Just like translation is viewed today.

Meanwhile, the problem will not just be that of declining revenues. It will also create a headache in terms of our junior lawyers not developing professionally. These multi-hundred-hour projects were not only a good source of income, but also a learning opportunity for our juniors – and all on the client's dime. And that will radically change, too. Clients already don't entrust lawyers with contract translation – they're content with a DeepL or ChatGPT version. As a result, junior colleagues can no longer hone their legal English skills through translations. Of course, we can still teach it to them, but it is then our law firms that have to finance it. And this is just the beginning. What happens when contracts are assembled using AI-based technology and legal work consists only of polishing the final version for the transaction? How will a junior lawyer learn how to draft the first version of a contract? There's currently no solution to this at any firm – or at least none that I am aware of.

How can the balance be restored? How can law firms remain profitable in such a world, taking into account that they will need to financially support the learning and development of their junior colleagues? The advance of technology cannot be stopped – the solution must be sought elsewhere. The real challenge is to begin pricing the individual elements of our work appropriately and to start setting the right price tag for those activities that represent real added value. There will be many elements of legal work that technology cannot replace – these are the ones that we need to learn to price properly.

So, let's return to that one-hour consultation where the client essentially drains our brains. Where the advice contains all the knowledge and routine we have acquired through years of learning and experience. Where there is no beating around the bush – real, practical, immediately applicable legal advice is sought.

What should be the fee for that one hour of legal advice? 180 EUR? I doubt it. Such kind of knowledge transfer is worth significantly more than 180 EUR – perhaps 500 EUR, perhaps more.

And since the technological transition has already begun, it's time for us, lawyers, to slowly and gradually start repricing the part of our legal work that creates real value.

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ACROSS THE WIRE: DEALS AND CASES

Date	Firms Involved	Deal/Litigation	Deal Value	Country
18-Feb	FWP	Fellner Wratzfeld & Partner advised German battery manufacturer Varta in StaRUG restructuring proceedings.	N/A	Austria
18-Feb	Cerha Hempel; Dorda; Herbst Kinsky	Herbst Kinsky advised Mavoco on its EUR 11 million series A+ financing round led by 3TS Capital Partners, red-stars.com, and additional investors. Cerha Hempel advised red-stars.com. Dorda reportedly advised 3TS.	EUR 11 million	Austria
24-Feb	Binder Groesswang; Fellner Wratzfeld & Partner; Kinstellar	Kinstellar and Binder Groesswang, working with Jeantet, advised LC Hospitality Holding on the acquisition of a 60% majority stake in Loisium Wine & SPA Holding via a share deal. FWP advised the seller – Soravia Group.	N/A	Austria
24-Feb	CMS; Frotz Riedl	CMS advised Laerdal Medical on its acquisition of SIMCharacters. Frotz Riedl reportedly advised the sellers.	N/A	Austria
25-Feb	Baker McKenzie; Bar & Karrer	Baker McKenzie advised Dertour Group on its acquisition of the Hotelplan Group, with the exception of Interhome, which is being acquired by the HomeToGo Group. Bar & Karrer reportedly advised the seller – Migros.	N/A	Austria
04-Mar	Fellner Wratzfeld & Partner	Fellner Wratzfeld & Partner advised approximately 38% of the creditors in the restructuring proceedings of Pierer Industrie on a vote under the Restructuring Ordinance in Austria.	N/A	Austria
10-Mar	Freshfields	Freshfields advised Biotronik Group on an agreement to divest its Vascular Intervention division to Teleflex Incorporated.	N/A	Austria
10-Mar	Dorda; Eisenberger & Herzog	E+H advised Podero on its EUR 5.5 million seed financing round led by German GreenTech fund Planet A Ventures, with co-investment from Systemiq Capital, and participation from Swedish VC Pale Blue Dot and Austrian VC PUSH Ventures. Dorda reportedly advised Planet A Ventures.	EUR 5.5. million	Austria
12-Mar	Cerha Hempel	Cerha Hempel advised OMV on a partnership with Abu Dhabi National Oil Company to create Borouge Group International.	N/A	Austria
12-Mar	Baker McKenzie; Binder Groesswang; Hogan Lovells	Baker McKenzie advised Burgenland Energie Group on structuring and implementing a EUR 1.3 billion portfolio project financing for renewable energy expansion. Binder Groesswang, working with Hogan Lovells, advised the banks.	EUR 1.3 billion	Austria
13-Mar	Eisenberger & Herzog; Gianni & Origoni; Wolf Theiss	E+H advised Megatech Industries on its reorganization from financial distress and subsequent sale to Italian mobility supplier Sapa. Wolf Theiss, working with Gianni & Origoni, advised Sapa.	N/A	Austria
14-Mar	Dorda; Eisenberger & Herzog; Freshfields; Roschier	Dorda, working with Roschier, advised European growth investor Sprints on its partnership with Styria Media Group to acquire all of Adevinta's shares in Willhaben. Freshfields advised Adevinta. E+H advised Styria Media Group.	N/A	Austria
24-Feb	Cerha Hempel; Djingov, Gouginski, Kyutchukov & Velichkov	Cerha Hempel advised the shareholders of Semantic Web Company and the company itself on a collaboration with Ontotext which resulted in the formation of Graphwise. Djingov, Gouginski, Kyutchukov & Velichkov advised Ontotext.	N/A	Austria; Bulgaria
10-Mar	Baker McKenzie; BDK Advokati; Freshfields; Karanovic & Partners	Freshfields advised Midea Group subsidiary Midea Electrics Netherlands on its EUR 750 million acquisition of the climate division from Arbonia AG. BDK Advokati advised Midea on the local aspects of the acquisition of Serbian company Termovent, as part of the broader transaction. Baker McKenzie and Karanovic & Partners advised Arbonia.	EUR 750 million	Austria; Czech Republic; Poland; Serbia
18-Feb	Kinstellar; Schoenherr	Kinstellar advised TSH Investment on the acquisition of the Park Center shopping mall in Sofia from Revetas Capital Advisors. Schoenherr advised Revetas on the deal.	N/A	Bulgaria
24-Feb	CMS	CMS advised Solar Park Trakiya on a EUR 32 million financing from EuroBank Bulgaria for the 57.6-megawatt-peal Sinitovo photovoltaic project.	EUR 32 million	Bulgaria
24-Feb	Kinstellar	Kinstellar advised Paradox Interactive on its acquisition of Haemimont Games.	N/A	Bulgaria
10-Mar	Schoenherr	Schoenherr advised the Bulgarian Ministry of Energy on launching two support schemes under the Bulgarian Recovery and Resilience Plan.	N/A	Bulgaria
10-Mar	Ergun Law Firm; Linklaters; Lotz & Company	Linklaters, working with Ergun, advised Turkerler Holding subsidiary Turker Global Madencilik on a share purchase and option agreement for the acquisition of a gold mine development project in Bulgaria for USD 55 million from Toronto-listed Velocity Minerals and its joint venture partner, Gorubso Kardzhali. Lotz & Company reportedly advised the sellers.	USD 55 million	Bulgaria; Poland; Turkiye

Date	Firms Involved	Deal/Litigation	Deal Value	Country
13-Mar	CMS	CMS advised Romanian Commodities Exchange on its acquisition of a 75% stake in the Bulgarian Energy Trading Platform.	N/A	Bulgaria; Romania
20-Feb	Hanzekovic & Partners; Krehic Law Firm; Madirazza & Partners	Krehic Law advised Eagle Hills Croatia on its acquisition of Suncani Hvar from CPI Property Group. Madirazza advised CPI Property Group. Hanzekovic & Partners reportedly advised Eagle Hills Croatia as well.	N/A	Croatia
24-Feb	Bradvica Maric Wahl Cesarec	Bradvica Maric Wahl Cesarec advised Positive ARB on obtaining its investment firm license issued by the Croatian Financial Services Supervisory Agency.	N/A	Croatia
27-Feb	Savoric & Partners	Savoric & Partners advised Ing-Grad on its planned IPO on the Zagreb Stock Exchange, where the company aims to raise approximately EUR 55 million by selling 30% of its treasury shares.	EUR 55 million	Croatia
18-Feb	BPV Braun Partners; Dentons; Eversheds Sutherland	Eversheds Sutherland advised Orbian on its acquisition of Platebni Instituce Roger from KB SmartSolutions and other shareholders. BPV Braun Partners advised one of the selling shareholders, Echilon Capital. Dentons advised seller KV SmartSolutions.	N/A	Czech Republic
19-Feb	Allen Overy Shearman Sterling; Clifford Chance	Allen Overy Shearman Sterling advised Doosan Skoda Power on its CZK 2.53 billion initial public offering on the Prime Market of the Prague Stock Exchange. Clifford Chance advised the joint global coordinators Raiffeisen Bank and Wood & Company.	CZK 2.53 billion	Czech Republic
20-Feb	BBH; Clifford Chance; White & Case	Clifford Chance advised Amadeus Real Estate on the sale of a majority shareholding interest in Maj Narodni – the owner of the Maj Narodni shopping and entertainment center in Prague – to Fond Realita. BBH advised Fond Realita. White & Case reportedly advised the financing banks.	N/A	Czech Republic
24-Feb	Gleiss Lutz	Gleiss Lutz advised EP Global Commerce on foreign investment control and merger control matters related to its public delisting offer for all shares in Metro AG not already held by EPGC.	N/A	Czech Republic
24-Feb	CMS	CMS advised a club of Czech banks including Ceska Sporitelna, Ceskoslovenska Obchodni Banka, Komercni Banka, and Raiffeisenbank, on financing for Smarty Brands Group.	N/A	Czech Republic
27-Feb	Andrs and Haloun; Krivanek Tomasek; Reals	Reals advised Investika Real Estate Fund on the acquisition of the Anglicke Nabrezi – U Zvonu development project in Pilsen from private sellers. Andrs and Haloun and, reportedly, Krivanek Tomasek advised the sellers.	N/A	Czech Republic
03-Mar	Clifford Chance	Clifford Chance advised Sumitomo Mitsui Banking Corporation as the sole coordinator, sole bookrunner, and mandated lead arranger on a JPY 80 billion samurai loan for Energeticky a Prumyslovy Holding.	JPY 80 billion	Czech Republic
04-Mar	BBH; CMS	BBH advised PPF Real Estate on its acquisition of Quinn Hotels Praha which owns Hilton Prague. CMS advised Quinn Hotels Praha.	N/A	Czech Republic
06-Mar	BNT Attorneys; Clifford Chance	Clifford Chance advised Atrium Group Services on the sale of Atrium Flora shopping center to Max Realitni. BNT Attorneys reportedly advised Max Realitni.	N/A	Czech Republic
21-Feb	Akund Forbes; Allen Overy Shearman Sterling; Dentons; Grette; Kirkland & Ellis	Dentons, working with Kirkland & Ellis, Grette, and Akund Forbes, advised Helmerich & Payne on the USD 1.97 billion acquisition of UK-headquartered KCA Deutag International Limited. Allen Overy Shearman Sterling reportedly advised KCA Deutag International Limited.	USD 1.97 billion	Czech Republic; Poland; Romania
19-Feb	Clifford Chance; Gecic Law; Kinstellar; Kirkland & Ellis; Schoenherr; Sullivan & Cromwell	Gecic Law, working with Clifford Chance, advised Telekom Srbija on its acquisition of Eon TV International from United Group as part of a deal that also saw United Group sell SBB Belgrade to e& PPF Telecom Group. Kinstellar, working with Sullivan & Cromwell, advised e& PPF Telecom Group. Moravcevic Vojnovic and partners in cooperation with Schoenherr, working with Kirkland & Ellis, advised United Group.	N/A	Czech Republic; Serbia
21-Feb	TGS Baltic	TGS Baltic advised Ready Player Me on the launch of two NFT collections – Collection ZERO and STEPN × PlayerZero.	N/A	Estonia
25-Feb	Walless	Walless advised Enterstore, part of Hartenberg Holding, on its acquisition of Miss Mary of Sweden from Swedish Bra Holding AB. Vinge reportedly advised Swedish Bra Holding.	N/A	Estonia
26-Feb	Ellex (Raidla); Herbert Smith Freehills; Njord	Ellex advised Enefit Green on a partnership with Sumitomo Corporation to develop the Liivi Bay offshore wind farm in the Gulf of Riga. Njord, working with Herbert Smith Freehils, reportedly advised Sumitomo	N/A	Estonia
27-Feb	Allen Overy Shearman Sterling; Ellex (Klavins); Ellex (Raidla)	Ellex, working with Allen Overy Shearman Sterling, advised Adven on the renewal of its financing platform by raising EUR 675 million.	EUR 675 million	Estonia; Latvia
12-Mar	Gernandt & Danielsson; Sorainen; Walless	Walless, working with Gernandt & Danielsson, advised ICA Gruppen on the sale of Rimi Baltic Group to Salling Group for EUR 1.3 billion. Sorainen reportedly advised Sailing Group on the deal.	EUR 1.3 billion	Estonia; Latvia; Lithuania

Date	Firms Involved	Deal/Litigation	Deal Value	Country
18-Feb	Koutalidis	Koutalidis advised Piraeus Bank on a secured bond loan issuance of up to EUR 275 million by Aktor Concessions, with Piraeus Bank acting as both bondholder agent and paying agent, and subscribing to the full amount.	EUR 275 million	Greece
20-Feb	Bernitsas	Bernitsas advised Kosmocar on its acquisition of MAN Hellas Truck & Bus as well as on obtaining phase 1 merger clearance from the Hellenic Competition Commission.	N/A	Greece
24-Feb	Potamitis Vekris	PotamitisVekris advised Sani/Ikos Resorts Group on securing EUR 230 million in financing.	EUR 230 million	Greece
25-Feb	Bernitsas	Bernitsas advised Eurobank Ergasias Services and Holdings on a liability management exercise totaling EUR 588.55 million.	EUR 588.5 million	Greece
26-Feb	Koutalidis	Koutalidis advised Sunlight Group and Olympia Group of Companies on Sunlight Group's ongoing strategic realignment and internal restructuring.	N/A	Greece
27-Feb	Linklaters; Moratis Passas; Papapolitis & Papapolitis; Studio Legale Associato; White & Case	Papapolitis & Papapolitis, working with Linklaters and Studio Legale Associato, advised the syndicate of arrangers and initial purchasers on DoValue's pivotal EUR 300 million high-yield bond offering, aimed at refinancing its existing debt following the acquisition of Italian credit management company Gardant. Moratis Passas, working with White & Case, reportedly advised DoValue.	EUR 300 million	Greece
06-Mar	Kyriakides Georgopoulos	Kyriakides Georgopoulos advised Piraeus Bank, acting as an advisor, on the merger through absorption of Intracom Properties by Evropi Holdings.	N/A	Greece
10-Mar	Karatzas & Partners; Potamitis Vekris; Sullivan & Cromwell; White & Case	White & Case advised Alpha Bank on the partial disposal of a portfolio of real estate assets in Greece. Karatzas Partners reportedly advised Alpha Bank as well. Sullivan & Cromwell and Potamitis Vekris reportedly advised the buyers.	N/A	Greece
12-Mar	Papapolitis & Papapolitis; Paul Weiss; Reed Smith; Sarantitis	Papapolitis & Papapolitis, working with Paul Weiss, advised Oak Hill Advisors on its equity investment of up to EUR 115 million in IDEAL Holdings, with a co-investment right for an additional EUR 200 million over the next two years. Sarantitis and Reed Smith reportedly advised IDEAL Holdings.	EUR 115 million	Greece
17-Feb	Argo; Baker McKenzie; Schoenherr	Schoenherr, working with Argo, advised Group Vandamme on the sale of its Hungarian activities to ADM. Baker McKenzie advised the buyer.	N/A	Hungary
06-Mar	Kinstellar	Kinstellar advised the MVM Group on developing a 500-megawatt combined-cycle gas turbine power plant at the Matra Power Plant in North-East Hungary.	N/A	Hungary
12-Mar	Wolf Theiss	Wolf Theiss advised Uniper on the implementation of photovoltaic projects in Hungary that will jointly deliver 151 megawatt-peak of renewable energy.	N/A	Hungary
18-Feb	Cytowski & Partners; Goodwin Procter	Cytowski & Partners advised Latvian Trace Space on its USD 4 million seed round with Berlin-based Cherry Ventures. Goodwin Procter reportedly advised Cherry Ventures.	USD 4 million	Latvia
24-Feb	Ellex (Klavins)	Ellex advised Sportland on its acquisition of 4.2 hectares of land in Marupe, Latvia.	N/A	Latvia
06-Mar	Ellex (Klavins)	Ellex has successfully represented Alltech in a trademark opposition case against Actizen in Latvia.	N/A	Latvia
10-Mar	Cobalt	Cobalt advised Coffee Address Holding on raising EUR 5 million in a private bond placement, to support its growth strategy, with Signet Bank as the arranger.	EUR 5 million	Latvia
24-Feb	Cobalt; Fort	Fort Legal advised EfTEN Capital and its managed fund, Kinnisvarafond II AS, on the EUR 18.2 million sale of Kaunas Terminal to the PREF IV fund. Cobalt advised PREF IV.	EUR 18.2 million	Lithuania
24-Feb	TGS Baltic	TGS Baltic advised the Ministry of Energy of the Republic of Lithuania, the Lithuanian electricity transmission system operator Litgrid, and the state-owned energy storage system operator Energy Cells on the synchronization of the Baltic States' electricity grids with continental Europe.	N/A	Lithuania
27-Feb	Walless	Walless advised ScaleWolf on its EUR 2 million investment in Pulsetto.	EUR 2 million	Lithuania
04-Mar	Walless	Walless has successfully represented CarVertical before the Vilnius District Court in a case that resulted in the confirmation that database makers cannot block the reuse of non-substantial publicly accessible data.	N/A	Lithuania
05-Mar	Gernandt & Danielsson; Walless	Walless, working with Gernandt & Danielsson, advised Scandi Standard on its EUR 18 million acquisition of six chicken farms in Lithuania.	EUR 18 million	Lithuania
12-Mar	Karanovic & Partners	Karanovic & Partners advised the Green for Growth Fund on a EUR 3 million loan to Lovcen Bank Podgorica.	EUR 3 million	Montenegro
17-Feb	CK Legal	CK Legal Chabasiewicz Kowalska advised Kruk on its PLN 100 million bond issuance.	PLN 100 million	Poland

Date	Firms Involved	Deal/Litigation	Deal Value	Country
18-Feb	DLA Piper	DLA Piper advised the H&M Group on a long-term corporate power purchase agreement with R.Power to supply 50 gigawatt-hours of solar-generated electricity annually for H&M's operations in Poland.	N/A	Poland
18-Feb	MFW Fialek; Wardynski & Partners	Wardynski & Partners advised Hollywood Group on the sale of all shares in HTS Rental to Lindstrom. MFW Fialek advised the buyers.	N/A	Poland
18-Feb	Clifford Chance; Dubinski Jelenski Masiarz and Partners; Trigon; White & Case	Clifford Chance, working with Trigon, advised Total Specific Solutions on its acquisition of a minority stake of up to 25% in Asseco Poland via subsidiary Yukon Niebieski Kapital. White & Case advised Asseco. Dubinski, Jelenski, Masiarz and Partners reportedly advised the shareholders, Adam Goral Family Foundation.	N/A	Poland
19-Feb	Ashurst; Schoenherr	Schoenherr, working with Ashurst, advised Aviva Investors on the acquisition of a 51% majority shareholding in Connected Infrastructure Capital.	N/A	Poland
20-Feb	Rymarz Zdort Maruta	Rymarz Zdort Maruta advised Qualitas Energy on financing the construction of a 28-megawatt-peak photovoltaic project in Poland, granted to a company from the Suncatcher group.	N/A	Poland
21-Feb	Greenberg Traurig; Legal Kraft	Greenberg Traurig advised Blackstone on the sale of the Piastow Office Center in Szczecin to a joint venture formed by BUD Holdings and Investika Real Estate Fund. LegalKraft advised the buyers.	N/A	Poland
24-Feb	CMS; Greenberg Traurig; Krassowski Law Firm; Oles, Rysz, Sarkowicz	Greenberg Traurig advised CCC on an agreement to acquire a minority stake in Modivo. Krassowski advised Modivo's minority shareholder Orion 47 Damian Zaplata on the sale. CMS advised A&R Investments Limited on the sale of a minority stake in Modivo to CCC	N/A	Poland
24-Feb	Bird & Bird; Crido Legal; JDP; Norton Rose Fulbright; Taylor Wessing	JDP advised Lewandpol on the sale of a 270-megawatt solar and wind power plant to Energa Wytwarzanie (Grupa Orlen). Taylor Wessing advised a FIZAN fund managed by Polski Fundusz Rozwoju as the lender for the transaction. Crido reportedly also advised Lewandpol. Bird & Bird reportedly advised the buyers. Norton Rose Fulbright reportedly advised three additional lending banks.	N/A	Poland
24-Feb	Kondracki Celej; MFW Fialek	MFW Fialek advised Solidstudio and its shareholders on the sale of a portion of its shares to the bValue Fund, along with an equity investment through a share capital increase as part of a multi-stage process. Kondracki Celej advised bValue Fund.	N/A	Poland
24-Feb	Rymarz Zdort Maruta	Rymarz Zdort Maruta advised Volta Polska on a project involving three photovoltaic installations in Poland with a combined capacity of approximately 17 megawatts, including the financing and the securing of a long-term power purchase agreement.	N/A	Poland
24-Feb	Latham & Watkins; Rymarz Zdort Maruta; White & Case	White & Case advised the State Treasury of the Republic of Poland on the issuance of a USD 5.5 billion dual-tranche of SEC-registered bonds. Rymarz Zdort Maruta, working with Latham & Watkins, advised the banks involved.	USD 5.5 billion	Poland
25-Feb	Gessel	Gessel advised Creotech Instruments on the public offering of its newly issued shares.	PLN 76 million	Poland
27-Feb	Bonelli Erede Lombardi Pappalardo; Linklaters	Linklaters, working with BonelliErede, advised Metinvest on entering into a shareholders' agreement with Danieli for the construction of a green steel facility in Piombino, Italy.	N/A	Poland
27-Feb	Kochanski & Partners	Kochanski & Partners advised Mitmar on obtaining patent protection for its food processing technology.	N/A	Poland
03-Mar	Linklaters	Linklaters advised Hillwood Polska on the acquisition of a logistics park in Gdansk.	N/A	Poland
05-Mar	BNT Attorneys	BSJP BNT advised Douglas on leasing warehouse space at CTPark Warsaw South to launch its main distribution center in Poland.	N/A	Poland
05-Mar	Clifford Chance; Norton Rose Fulbright	Norton Rose Fulbright advised PGE Polska Grupa Energetyczna on the EUR 3 billion financing of its stake in the 1.5-gigawatt Baltica 2 offshore wind project, located off the Polish coast between Ustka and Choczewo. Clifford Chance advised the lenders.	EUR 3 billion	Poland
06-Mar	DWF	DWF advised Synektik's majority shareholder Ksiazek Holding on the sale of 10% of Synektik's total share capital and voting rights for a total transaction value of over PLN 190 million.	PLN 190 million	Poland
06-Mar	Baker McKenzie; Clifford Chance; Rymarz Zdort Maruta	Rymarz Zdort Maruta advised BEST on its merger with Kredyt Inkaso. Baker McKenzie advised Kredyt Inkaso. Clifford Chance advised Kredyt Inkaso majority shareholder Waterland Private Equity.	N/A	Poland
12-Mar	White & Case	White & Case advised Trigon as the sole arranger and bookrunner on Erbud Group's bond issuance.	PLN 75 million	Poland
12-Mar	EY Law; Hengeler Mueller; Wardynski & Partners	Wardynski & Partners, working with Hengeler Mueller, advised Sonic Healthcare Group on its acquisition of shares in LADR Laboratory Group for approximately EUR 423 million from ISG Intermed Holding. EY Law reportedly advised the sellers.	EUR 423 million	Poland

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12-Mar	Greenberg Traurig	Greenberg Traurig advised CA Immo on the sale of the Bitwy Warszawskiej Business Center in central Warsaw.	N/A	Poland
12-Mar	Gessel	Gessel advised BNP Paribas Bank Polska on a co-investment, via a special purpose vehicle controlled by Custodia Capital, as part of the leveraged buyout of a majority stake in Profi.	N/A	Poland
13-Mar	Gessel	Gessel advised Enterprise Investors on its acquisition of an 80% stake in Expobud Domy. Sole practitioners Daniel Setcki and Bartosz Loboda advised Expobud Domy.	N/A	Poland
14-Mar	White & Case	White & Case advised P4 on establishing a bond issuance program with a total nominal value of up to PLN 3 billion, and on the issuance of PLN 700 million green bonds under the program.	PLN 700 million	Poland
17-Feb	Filip & Company	Filip & Company advised Dante International and HeyBlu IFN on the acquisition of Orange Money IFN.	N/A	Romania
18-Feb	Bulboaca & Asociatii; Herzog Fox & Neeman; Loyens & Loeff; Milbank; Sidley Austin; Simpson Thacher & Bartlett	Bulboaca & Asociatii advised Superbet Group on a EUR 1.3 billion investment from American investment funds Blackstone and HPS Investment Partners.	EUR 1.3 billion	Romania
19-Feb	Dentons	Dentons advised Piraeus Bank on project financing for a solar power plant developed by Metlen Energy & Metals in Romania.	EUR 181 million	Romania
26-Feb	Filip & Company; Popovici Nitu Stoica & Asociatii	Filip & Company advised the Adrem group on the sale of 20% of the shares in Adrem Energy Solutions to ROCA Investments. Popovici, Nitu & Asociatii advised ROCA Investments.	N/A	Romania
03-Mar	BPV Grigorescu Stefanica; Stratulat Albulescu	Stratulat Albulescu advised Catalyst Romania Fund II on a EUR 2.3 million investment in Footprints AI, which also saw SeedBlink and other private investors participate. BPV Grigorescu Stefanica advised Footprints AI.	N/A	Romania
04-Mar	IPA Legal	IPA Legal advised RebelDot on a partnership with the Visa Cash App RB F1 team.	N/A	Romania
04-Mar	Iablonschi & Asociatii	Iablonschi & Asociatii advised Cultivate Capital Partners Fund Cooperatief on the phased acquisition of a logistics complex in Stefanestii de Jos, Romania.	N/A	Romania
05-Mar	Kinstellar; Pelipartners	Kinstellar advised Solida Capital on the acquisition of Victoria Center in Bucharest from Manova Partners. PeliPartners reportedly advised Manova Partners.	N/A	Romania
10-Mar	Ijdelea & Associates; Suciu Popa	Ijdelea & Associates advised The Carlyle Group on the sale of its ownership share in Mazarine Energy to Edward van Kersbergen. Suciu Partners advised the buyers.	N/A	Romania
12-Mar	Dutescu & Partners	Dutescu & Partners has represented Leonhard Weiss Group in a court case against the public contracting authority in Romania.	N/A	Romania
12-Mar	Kinstellar; Popovici Nitu Stoica & Asociatii	Popovici Nitu Stoica & Asociatii advised Banque Banorient France Romania Branch on the financing provided to Solida Capital for the acquisition of the Victoria Center office building on Calea Victoriei in Bucharest. Kinstellar advised Solida Capital.	N/A	Romania
19-Feb	Karanovic & Partners; NKO Partners	NKO Partners advised CTP on the acquisition of land in Kragujevac, Serbia, from Stellantis' subsidiary Fiat Srbija. Karanovic & Partners advised Fiat Srbija.	N/A	Serbia
24-Feb	Kinstellar	Kinstellar advised Globe Trade Centre on the sale of its subsidiary Glamp Beograd, which owns the GTC X Building, to Forstone Realty.	N/A	Serbia
24-Feb	CMS	CMS advised Actis on the acquisition of Dot Towers through its Connectis Tower platform, adding 50 sites to Actis' portfolio.	N/A	Serbia
24-Feb	Kinstellar	Kinstellar advised Lafarge Serbia on its acquisition of Tribex Mining.	N/A	Serbia
24-Feb	Advoro; Schoenherr	Moravcevic Vojnovic and Partners in cooperation with Schoenherr advised Fifth Quarter Ventures on its investment in Nextesy. Advoro reportedly advised Nextesy.	N/A	Serbia
27-Feb	NKO Partners	NKO Partners advised GreenChem on the acquisition of Adeco Blue from Adeco. Sole practitioner Natalija Basic advised the sellers.	N/A	Serbia
14-Mar	BDK Advokati; Kinstellar	BDK Advokati advised A1 Srbija on its acquisition of Conexio Metro from Madison Debt Holdings. Kinstellar advised the sellers.	N/A	Serbia
17-Feb	Akol Law Firm	Akol advised Kaspi.kz on its acquisition of a 65.41% stake in Hepsiburada for USD 1.127 billion.	USD 1.127 billion	Turkiye
18-Feb	Bener Law Office; Norton Rose Fulbright (Pekin Bayar Mizrahi)	Norton Rose Fulbright's Turkish affiliate law firm Pekin Bayar Mizrahi advised the Cleversoft Group on its acquisition of Fineksus from Ahmet Vefik Dincer and Mehmet Ali Tombalak. Bener advised the sellers.	N/A	Turkiye
18-Feb	Akol Law Firm; Turunc	Turunc advised Gelecek Etki Fonu on its exit from Mega Fortuna to Aonic. Akol reportedly advised Aonic.	N/A	Turkiye

Date	Firms Involved	Deal/Litigation	Deal Value	Country
19-Feb	Atar Avci; Turunc	Turunc advised Netcad on its pre-IPO funding round with Hedef Portfoy, Findoor Girisim Sermayesi Yatirım Fonu, Ral Girisim Sermayesi Yatirim Ortakligi, and two Neo Portfoy funds participating. Atar Avci reportedly advised Hedef Portfoy.	N/A	Turkiye
19-Feb	Akol Law Firm	Akol advised Visne Madencilik on its initial public offering and listing on Borsa Istanbul.	N/A	Turkiye
19-Feb	Linklaters; Paksoy; Peynircioglu & Eren	Paksoy, working with Linklaters' Brussels office, advised Ontex Group on the sale of its Turkish subsidiary Dilek Grup. Peynircioglu Eren advised the buyers.	N/A	Turkiye
21-Feb	Turunc	Turunc advised Bogazici Ventures on its investment in GameChanger Worldwide.	N/A	Turkiye
24-Feb	CCAO; Linklaters; Vinson & Elkins	CCAO, working with Linklaters, advised J.P. Morgan Securities on a USD 140 million loan to Petlim Limancilik. Vinson & Elkins reportedly advised Petlim Limancilik.	USD 140 million	Turkiye
24-Feb	Cigdemtekin Cakirca Aranci; Turunc	Turunc advised Gelecek Etki Fonu (Future Impact Fund) on its investment in Onlayer in a round that also saw the participation of Maxis, Global Trust Ventures, and individual investors. Cigdemtekin Cakirca Aranci reportedly advised Onlayer.	N/A	Turkiye
24-Feb	Dentons; Paksoy	Paksoy, working with Dentons, advised EBRD on a EUR 80 million loan to Ulusoy Un to finance its renewable energy projects and energy-efficient capacity expansion in Turkiye.	EUR 80 million	Turkiye
26-Feb	Acar & Ergonen; Baker McKenzie (Esin Attorney Partnership)	Acar & Ergonen advised Tims Group, Tims Production, and Timur Savci on the acquisition of Yargici from GB Retail Investments Holding. Baker McKenzie's affiliate law firm Esin Attorney Partnership advised the sellers.	N/A	Turkiye
27-Feb	Adna; Erdem & Erdem; Morgan Lewis; Wallace	Erdem & Erdem, working with Morgan Lewis and ADNA, advised CoreX Resources on the acquisition of the majority shares in Compagnie Miniere Du Bafing. Wallace reportedly advised the sellers.	N/A	Turkiye
03-Mar	Erdem & Erdem	Erdem & Erdem advised Neapco Turkey Otomotiv Anonim Sirketi on the acquisition of Hedrive Otomotiv Teknoloji Sistemleri Sanayi ve Ticaret Limited Sirketi.	N/A	Turkiye
10-Mar	Aydemir Consultancy Legal	Aydemir advised Titan Cement International on an agreement to divest its 75% share in Adocim Cimento Beton for USD 87.5 million with 50% being sold to Mugla Cimento and 25% to Yurt Cimento.	USD 87.5 million	Turkiye
12-Mar	White & Case; White & Case (GKC Partners)	White & Case and its Turkish affiliate GKC Partners advised the joint bookrunners on the debut Rule 144A/Reg S green bond issuance by Limak Yenilenebilir Enerji.	USD 525 million	Turkiye
12-Mar	Durmaz; Hunters	Durmaz advised CosmoBlue Media on its acquisition of Youlook Global Limited. Hunters reportedly advised the sellers.	N/A	Turkiye
13-Mar	Allen & Overy (Gedik Eraksoy); Allen Overy Shearman Sterling; Dentons; Dentons (BASEAK)	Dentons and its Turkish affiliate Balcioglu Selcuk Eymirlioglu Ardiyok Keki Attorney Partnership advised Anadolubank on its debut international bond offering raising USD 150 million through the issuance of fixed rate resettable tier 2 notes due 2035. A&O Shearman and its Turkish affiliate Gedik & Eraksoy advised Goldman Sachs on the issuance	USD 150 million	Turkiye
20-Feb	Avellum; White & Case	Avellum, working with White & Case, advised the Ministry of Finance of Ukraine on a USD 20 billion loan from the U.S. Department of the Treasury provided under the EUR 45 billion _G7 Extraordinary Revenue Acceleration Loans for Ukraine_ initiative.	USD 20 billion	Ukraine
21-Feb	Latham & Watkins; Sayenko Kharenko; Westerberg & Partners	Sayenko Kharenko, working with Latham & Watkins and Westerberg & Partners, has successfully represented Ukraine before the Svea Court of Appeal in setting aside the challenge of a USD 6 billion _Energy Charter Treaty_ award.	USD 6 billion	Ukraine
24-Feb	CMS	CMS advised Revolut on the launch of its banking and financial services for Ukrainian customers.	N/A	Ukraine
27-Feb	Appleton Luff; Sayenko Kharenko	Sayenko Kharenko, working with Appleton Luff, advised ArcelorMittal Kryvyi Rih in a sunset review of anti-dumping duties on steel concrete reinforcing bar imports to the United States.	N/A	Ukraine

Deals and Cases

■ Full information available at:
www.ceelegalmatters.com
■ Period covered:
February 16, 2025 - March 15, 2025

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

NEW HOMES AND FRIENDS: ON THE MOVE

Poland: Addleshaw Goddard Enters Polish Market with Addition of Linklaters Warsaw Office

Addleshaw Goddard has entered the Polish market via an agreement with Linklaters to transfer the former's Warsaw office.

The office will be led by Managing Partners Janusz Dzianachowski and Marcin Schulz, who were at the helm of Linklaters Warsaw as well.

According to Addleshaw Goddard, this addition – agreed with Linklaters and its Warsaw partners – reinforces the firm's "commitment to supporting the growing demands of its clients in Central and Eastern Europe and bolsters its presence in key global markets. The new Warsaw office will serve as a regional hub, enabling the firm to deliver enhanced legal expertise and tailored services to clients across Poland, the CEE region, and Turkey." The transaction is anticipated to be completed on April 30, 2025, subject to both Addleshaw Goddard and Linklaters Partner votes.

"We are delighted that the Warsaw office of Linklaters has agreed to join Addleshaw Goddard," said Addleshaw Goddard Managing Partner Andrew Johnston. "It is an important and exciting milestone in our international expansion journey. Warsaw is a vital economic and business hub in Central Europe, and this expansion allows us to better meet the needs of our clients, who are increasingly seeking support across borders in this dynamic region."

"We are very pleased that our Warsaw team will be transferring to Addleshaw Goddard where they will have the scope to continue to develop and deliver for clients as part of a firm for which Poland is a growth opportunity," commented Linklaters Firmwide Managing Partner Paul Lewis. "We are grateful for the team's contribution to Linklaters over many years and look forward to continuing to work with them in the future."

Linklaters will continue to operate its Warsaw-based Linklaters Service Delivery Centre which supports the firm's operations globally. ●

Romania: ZIC Legal Opens for Business in Romania

George Zlati, Adina Ionescu, and Simona Chiperi have established Zlati, Ionescu, Chiperi – ZIC Legal – in Cluj-Napoca, Romania.

The new firm focuses on tech law, cybercrime, and business law.

Prior to teaming up with Ionescu and Chiperi, Zlati was at the helm of Zlati Legal between 2020 and 2025. Earlier, he worked at SCPA Sergiu Bogdan & Associates as a Lawyer between 2012 and 2020.

Before setting up ZIC Legal, Ionescu was with the Irimie Pop Andrei team since 2019, most recently as a Senior Associate between 2022 and 2025. Earlier, she was an Associate with Vertis Legal, between 2019 and 2022, before the IPA team spun off (as reported by CEE Legal Matters on March 28, 2022).

Chiperi also comes from Irimie Pop Andrei where she was an Associate since 2019. ●

PARTNER MOVES

Date	Name	Practice(s)	Moving from	Moving to	Country
10-Mar	Harald Strahberger	Compliance	Wolf Theiss	Kinstellar	Austria
24-Feb	Soo Youn Kim	Corporate/M&A	Gianni, Origoni, Grippo, Cappelli & Partners	DZP	Poland
21-Feb	Andreea Serban	Corporate/M&A; Banking/Finance	Reff & Associates	Stratulat Albulescu	Romania
5-Mar	George Zlati	TMT/IP; White Collar Crime	Zlati Legal	ZIC Legal	Romania
5-Mar	Adina Ionescu	Compliance; TMT/IP	Irimie Pop Andrei	ZIC Legal	Romania
5-Mar	Simona Chiperi	Corporate/M&A; Infrastructure/PPP/ Public Procurement	Irimie Pop Andrei	ZIC Legal	Romania
12-Mar	Igor Kalitventsev	Litigation/Disputes	KPD Consulting	N/A	Ukraine

PARTNER APPOINTMENTS

Date	Name	Practice(s)	Firm	Country
21-Feb	Thomas Hartl	White Collar Crime	Binder Groesswang	Austria
21-Feb	Christoph Schober	Corporate/M&A	Binder Groesswang	Austria
5-Mar	Michal Jasek	Corporate/M&A	Clifford Chance	Czech Republic
5-Mar	Milan Rakosnik	Real Estate	Clifford Chance	Czech Republic
12-Mar	Triinu Jarviste	Competition	TGS Baltic	Estonia
12-Mar	Erki Fels	Litigation/Disputes; Infrastructure/PPP/Public Procurement	TGS Baltic	Estonia
10-Mar	Manuela Iurascu	Real Estate	Stratulat Albulescu	Romania
10-Mar	Raluca Gabor	Energy	Stratulat Albulescu	Romania
12-Mar	Milica Filipovic	Corporate/M&A	Karanovic & Partners	Serbia
12-Mar	Marko Culafic	Corporate/M&A	Karanovic & Partners	Serbia
12-Mar	Sava Draca	Corporate/M&A	Karanovic & Partners	Serbia
19-Feb	Busra Ozden	Corporate/M&A; Real Estate	Kolcuoglu Demirkan Kocakli	Turkiye
10-Mar	Yuna Potomkina	Litigation/Disputes	Asters	Ukraine

OTHER APPOINTMENTS

Date	Name	Firm	Appointed To	Country
20-Feb	Klaudia Krolak	Greenberg Traurig Warsaw	Equity Partner	Poland
20-Feb	Konrad Kosicki	Greenberg Traurig Warsaw	Equity Partner	Poland
6-Mar	Maciej Kacymirow	Greenberg Traurig Warsaw	Head of Tax	Poland
20-Feb	Stefan Savic	NKO Partners	Head of Antitrust and Competition	Serbia

IN-HOUSE MOVES

Date	Name	Moving from	New Company/Firm	Country
25-Feb	Timea Balazs	Decathlon Hungary	Decathlon Hungary	Hungary
17-Feb	Dinc Sanver	Pearson	PwC Turkiye	Turkiye

On the Move

■ Full information available at:
www.ceelegalmatters.com
■ Period covered:
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THE BUZZ

In The Buzz we check in on experts on the legal industry across CEE for updates about 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.

New Laws Before Elections in Albania: A Buzz Interview with Erinda Ismailaj of Ismailaj & Partners

By Teona Gelashvili (March 21, 2025)

Albania is aligning with EU regulations through new laws, including a data protection law in 2025 and a new updated electronic communications law, according to Ismailaj & Partners Managing Partner Erinda Ismailaj. With elections on May 11, legislative activity has slowed, creating uncertainties that can lead to a lack of predictability in a business environment.

In the past two months, "several new laws have come into effect in Albania, particularly in December 2024 and January 2025, as part of the country's ongoing effort to align its legal framework with EU regulations," Ismailaj points out. "One of the most significant changes is the new data protection law, transposing the GDPR in the Albanian legislation, which was approved in December and officially came into force in January 2025." She adds that companies are now taking the necessary steps to ensure compliance, "with most provisions set to take effect immediately and some of them, mainly related to privacy by design requirements, are set to take effect in two years to allow businesses enough time to integrate this requirement in their demand processes."

One major reform introduced by this law, according to Ismailaj, is that "companies providing services in Albania – whether local or foreign – must review their contracts, update policies, assess their activities and their relationships with third parties to ensure compliance with the updated data protection standards." Additionally, she says, "a notable change is that companies no longer need prior notification to the authority for changes in their processing activities however a privacy impact assessment is now a requirement to be conducted for each activity." Consequently, Ismailaj highlights that "seeking legal advice is now crucial and not optional, as fines for non-compliance under the new law are significantly higher, aligning with EU GDPR standards."

"Another key law is the new electronic communications law, that entered into force in late December 2024," Ismailaj emphasizes. "Companies are actively working to comply with its updated requirements, which include ensuring transparent pricing, clearly defining service terms, and adhering to strict data protection and privacy standards. Additionally, they must invest in infrastructure to enhance service quality and meet cybersecurity obligations."

In addition to that, "there are two important draft laws that have not yet been enacted," Ismailaj says. "One concerns intellectual property, aiming to align Albania's legal framework with EU directives. It introduces stricter procedures for registering trademarks and enhancing trademark protection during administrative procedures. The second draft law still pending is the proposed amendments to the civil procedure code, which aims to enhance the efficiency of the juridical proceedings in Albania."

Despite a heightened legislative activity, Ismailaj points out, that since Albania is in a pre-election period, "with parliamentary elections set for May 11, legislative activities are slowing down, as no new laws can be passed in the two months leading up to the vote according to the Albanian constitution. This has led to a temporary legislative slowdown, affecting both businesses and regulatory processes."

"The pre-election period has brought about a certain level of uncertainty, prompting businesses to closely monitor the political landscape, They are paying close attention to whether the ongoing legal framework and proposed reforms will continue to be approved," Ismailaj adds. "While established companies seem to be adapting well, smaller startups continue to face challenges, particularly in terms of stable infrastructure, funding, securing investors, as well as navigating evolving technology-related laws. The government has introduced policies to support start-ups, but these initiatives are still in their early stages."

Sustained Interest in Investing in Ukraine: A Buzz Interview with Bogdan Malniev of EY Law

By Andrija Djonovic (March 21, 2025)

Despite the ongoing war, Ukraine's legal and investment landscape continues to evolve, with shifting trends in M&A, infrastructure, and technology-driven sectors, according to EY Law Partner Bogdan Malniev who also reports renewed interest in logistics, defense technology, and corporate governance reforms.

"The Ukrainian legal market is directly shaped by geopolitical developments," Malniev begins. "Over the past few years, the war and its ripple effects have dictated investment trends – naturally, when the war broke out in 2022, private investments largely came to a halt; there was a period of near-total stagnation. However, activity has gradually resumed, though it has come in waves, influenced by broader economic and security conditions."

Looking at M&A activity specifically, Malniev reports that the second half of 2024 was noticeably quieter, with investors "once again pausing to assess how the war would unfold. But now, we are seeing renewed interest, and there's a real buzz in certain sectors – whether this translates into deals remains to be seen, but for now, there is a steady flow of corporate work and even an uptick in some areas." According to him, this suggests that despite the challenges, there is a sustained interest in investing in Ukraine.

Focusing on specific areas of note, Malniev indicates that "one sector that could become increasingly active is real estate, particularly real estate-heavy infrastructure projects. Naturally, this is limited to central and western Ukraine, far from active conflict zones." He reports that there is "growing interest in logistics, warehousing, and major transportation infrastructure, including port concessions. These are long-term investments that reflect confidence in Ukraine's future integration with European supply chains."

On the other hand, IT investments have slowed considerably, Malniev reports. "At the beginning of 2024, there was a marked drop in IT-related deals. That said, I expect a shift in focus: instead of purely software-driven businesses, we may see a pivot toward hardware manufacturing and integration technology – essentially, projects that tie into Ukraine's alignment with EU industries." Moreover, he says that defense technology is another area where growth is expected. "There's notable interest in UAVs, control technologies, transport vehicles, and components that aren't purely military but have civilian applications as well. Scalable, dual-use technologies – those with both military and civilian functions – are becoming increasingly attractive investment targets," he explains.

Additionally, Malniev reports that agriculture has been quieter than expected. "Ukraine has long been home to some of the largest agricultural holdings globally. These businesses have traditionally been difficult to invest in due to their structure, and for now, there are no clear signals of renewed investment. However, should the geopolitical situation improve, this could quickly change, as agriculture remains one of Ukraine's strongest industries."

Finally, talking about legislative updates, Malniev says that there have been notable changes in corporate governance, particularly concerning state-owned enterprises. "Ukraine still has thousands of state-owned enterprises, many of them remnants of the Soviet era. While the most promising ones have been privatized, many still need corporate governance reforms to become viable investment opportunities." As he puts it, the legislative agenda has been actively addressing this, with ongoing discussions about privatization strategies and governance improvements. "These reforms are crucial for attracting foreign investment and improving operational efficiency. As for industry-specific regulations, key sectors have not seen significant amendments, however, defense technology regulations remain a major question mark." One critical issue Malniev stresses is whether the restrictions on the export of domestically produced weapons are lifted. "If this happens, Ukrainian defense companies could become far more attractive investment targets. That said, this is likely a decision for the future rather than an immediate policy shift."

Slovenia's in Search of Upgrades: A Buzz Interview with Tine Misic of ODI Law

By Andrija Djonovic (April 3, 2025)

Prioritizing defense, tax reforms, and anticipated tariffs are at the top of the agenda in Slovenia, according to ODI Law Partner Tine Misic, who reports the country is looking to upgrade its railway infrastructure and nuclear power plant in Krsko.

"The pace of change globally is staggering, and Slovenia, like the rest of the EU, is feeling the impact of these shifts," Misic begins. "One major development is the increasing prioritization of defense at the EU level, which Slovenia will inevitably take part in. We have already seen some acquisition announcements by the government, and we expect the Prime Minister to outline further strategic priorities. The defense budget is increasing, and this will undoubtedly affect the national economy," he says.

"At the same time, we are witnessing a notable discrepancy in the recent global regulatory trends," Misic continues. "Over the past couple of years, law firms, locally and EU-wide, have been intensely focused on adapting to new AML regulations, following in the footsteps of the banking and financial compliance trends. However, the recent decision of the US Treasury Department to cease applying AML regulations may see the US start attracting more EU-based private equity, with Slovenia likely to be less affected, though, given its smaller PE base," he explains.

As for other local regulatory developments of note, Misic points out that there are several tax reforms in the works, with a VAT reform currently underway. "Additionally, real estate tax reform has sparked a very lively debate. While there is recognition that tax burdens on labor and employment need to be reduced to make the job market more attractive, it remains to be seen whether the government will be biting the sour apple given the early pre-election period, historically never an ideal time to introduce major tax overhauls," he says.

From a trade and industry standpoint, Misic believes that anticipated tariffs may visibly affect Slovenia's export market, one of the strongest drivers of the local economy in the past two decades, particularly the steel and manufacturing sectors. "That being said, the economy remains in a strong position, with GDP per capita growing steadily – a 2% increase is forecasted for this year, aligning with external assessments."

Taking aim at large-scale projects, Misic reports that Slovenia is actively investing in major infrastructure projects, particularly in the railway sector. "Along with the several substantial country-wise upgrades of the existing railway infrastructure, a new Ljubljana railway passenger terminal, including retail and business infrastructure, is under construction, marking a significant joint PE/government-driven investment." Crucially, he points to one of the largest projects in Slovenian history – "the upgrade of the nuclear power plant in Krsko. While still in its early stages, three potential bidders have been shortlisted." Additionally, he reports that green energy investments are increasing, particularly in solar power production.

Finally, reporting on the most attractive sectors in the country, Misic says that "health and life sciences have been attracting significant foreign investment." Additionally, he indicates that "the SME market is active, with many long-established companies now seeing their founders pursue exit opportunities." Misic concludes by adding that "business infrastructure and commercial real estate have been on the rise over the past few years, which is a notable shift compared to previous trends. Residential real estate investments have remained steady, with demand holding at similar levels." ●

One major development is the increasing prioritization of defense at the EU level, which Slovenia will inevitably take part in. We have already seen some acquisition announcements by the government, and we expect the Prime Minister to outline further strategic priorities. The defense budget is increasing, and this will undoubtedly affect the national economy.

Staying Happy, Healthy, and Green in Croatia: A Buzz Interview with Tarja Krehic of Krehic & Zornada

By Andrija Djonovic (April 3, 2025)

Croatia's mergers and acquisitions market continues to exhibit remarkable dynamism, with strong activity across key sectors such as hospitality, healthcare, and alternative energy according to Tarja Krehic, Managing Partner at Krehic & Zornada, who also reports on legislative reforms aimed at aligning Croatia's corporate governance and state-owned enterprise management with OECD standards.

"The M&A market remains vibrant, especially in the hospitality sector, where international investors continue to show strong interest," Krehic begins. She explains that Croatia's appeal as a tourist destination has been a driving force behind this trend, with foreign capital flowing into hotel acquisitions and other tourism-related ventures. "The medical services sector has also emerged as particularly attractive," she adds. "Transactions involving private polyclinics being acquired by private equity, strategic investors, and insurance companies are becoming increasingly common. This surge is largely fueled by growing consumer demand for private medical services, which has been amplified by inefficiencies in the public healthcare system," Krehic notes.

Another sector experiencing rapid growth is energy, particularly alternative energy projects. "We're currently involved in several transactions around Power Purchase Agreements," Krehic reveals. Large corporations in industries such as hospitality, telecommunications, and insurance are increasingly adopting PPAs to enhance their EDG compliance. "Virtual PPAs, which are new to the market and Croatia's regulatory framework, are beginning to emerge as a notable trend," she adds. "Croatia's abundant natural resources and favorable geographic position make it particularly attractive for solar and wind energy projects."

However, not all sectors are experiencing growth. Krehic points out that the IT sector has encountered recent setbacks due to geopolitical developments. "Newly announced U.S. tariffs targeting the EU have caused some companies to pause or cancel further acquisitions within Croatia and across Europe," she explains. While IT was previously one of Croatia's fastest-growing sectors, these external factors have slowed what was once significant momentum.

Turning to legislative developments, Krehic highlights 2025 as a transformative year for corporate governance in Croatia. "We have a new Companies Act and a revised Corporate Governance Code for companies listed on the Zagreb Stock Exchange," she reports. These updates harmonize corporate governance practices with OECD standards, introducing modern structures and transparency requirements that aim to enhance investor confidence and operational efficiency. Additionally, "Croatia has finally aligned itself with the EU directive requiring listed companies to achieve a 40%/33% gender balance on supervisory and management boards. While some companies are resistant to these changes, this shift towards diversity is essential," Krehic asserts. "It's not only culturally significant but also financially beneficial."

Finally, reforms are anticipated in the management of state-owned enterprises. "A new act governing SOEs is expected to be adopted by summer," Krehic shares. This legislation is designed to "bring operations in line with OECD standards, focusing on transparency and modern corporate governance within Croatia's sizable public sector – particularly in areas such as energy and natural resource management." She also notes ongoing privatization efforts targeting SOEs in cargo transport infrastructure. "Although privatization has slowed compared to previous decades, it remains driven by EU and OECD requirements," Krehic concludes. ●

Transactions involving private polyclinics being acquired by private equity, strategic investors, and insurance companies are becoming increasingly common. This surge is largely fueled by growing consumer demand for private medical services, which has been amplified by inefficiencies in the public healthcare system.

Protests Leaving a Mark in Serbia: A Buzz Interview with Branko Jankovic of NKO Partners

By Andrija Djonovic (April 9, 2025)

Serbia's legal market is influenced by ongoing political instability stemming from months-long student protests and the recent resignation of the Prime Minister, according to NKO Partners Junior Partner Branko Jankovic. This situation is expected to slow M&A activity, particularly in real estate and mining, though everyday employment-related legal work is on the rise.

"The main topic right now is certainly the ongoing political situation, particularly the student protests that have persisted for about four months," Jankovic begins. "The massive protest held in Belgrade on March 15 was peaceful and it definitely ended up pushing matters forward. A short while after it took place, the National Assembly acknowledged the resignation of the Prime Minister; currently, there's uncertainty around the next steps, whether we'll have a new government, new elections, or a transitional administration." Naturally, this political instability is influencing the legal market significantly, Jankovic reports, particularly M&A transactions across different sectors. "Real estate development projects, especially the EXPO 2027 project, are likely to experience implementation delays, while the mining sector has already seen a slowdown due to permit issuance being effectively on hold."

As for other significant events, Jankovic points to the "month-long strike by lawyers, which concluded on March 4. There's an ongoing discussion about the possibility of another strike or work suspension, with an extraordinary session of the Bar Association convened for March 29, to discuss this option." The upcoming vote will decide whether further action will occur. "This has understandably created additional uncertainty in the legal profession," Jankovic adds.

Still, even with these circumstances, Jankovic shares that "despite everything, the business and investment climate remains relatively stable for now. However, we anticipate a noticeable slowdown in M&A activity, particularly in real estate and mining." On the other hand, he reports an increase in everyday legal work, "especially in the area of employment law, such as managing redundancies triggered by the political and social climate."

As for any notable legislative developments, Jankovic reports these matters are "mostly on hold at the moment due to the political situation. Until there's a clear direction, whether we have a new government, elections, or some transitional solution, significant legislative developments are unlikely." According to him, "the general approach currently is one of "wait and see" with most stakeholders awaiting political stabilization before proceeding."

Finally, Jankovic indicates that Serbia's immediate future is heavily dependent on political developments. "Naturally, this uncertainty is influencing both transactional work and day-to-day legal advisory. Once the political landscape clarifies, we'll have a better sense of direction and stability, but for now, the situation remains fluid," he concludes.

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Bulgaria's Sights on Eurozone: A Buzz Interview with Irena Georgieva of PPG Lawyers

By Teona Gelashvili (April 11, 2025)

Bulgaria is currently facing delays in passing key legislation, with the government focused on distributing the state budget through sectors and preparing for Eurozone accession in 2026, according to PPG Lawyers Managing Partner Irena Georgieva. Regulatory changes are expected, and the IT sector remains strong and innovative.

"In Bulgaria, there are numerous laws in the pipeline as the government tries to catch up with various pending issues, especially since they have been occupied with the state budget for quite some time," Georgieva begins. "What we've observed is that after the budget was voted on, no specific details were provided on how it would impact different sectors. The budget allocation is very broad, with funds expected to be redistributed across various sectors. In the field of public procurement, we're still waiting to see if our clients can be part of major public procurement projects and whether any ministry will have sufficient resources to manage them."

The current global landscape, according to Georgieva, "is influencing the mentality of the government, as new challenges extend far beyond national issues." Europe will become "a more attractive environment for the development of technology, and I hope this shift will align with regulatory advancements," she adds. "In Europe, the priority has been to balance innovation with fundamental rights, but this approach has made processes slower. While it's sustainable in the long run, it's certainly slower compared to the more pragmatic, market-driven approach seen in the US, especially with the influence of tech giants."

Georgieva further believes that both Bulgaria and the EU will move toward regulatory simplification. "There are already expectations that the GDPR would be simplified (the EU is awaiting to provide a proposal soon) due to the ongoing discussions surrounding the EU AI Act. This regulatory simplification will require changes at both the national and EU levels, and although the process will be difficult, it's necessary," she says. "I hope the Bulgarian government will focus on this as well since it remains a significant part of our work. Everyone is watching developments surrounding AI and the EU AI Act, but there are tensions with how it intersects with GDPR as well as how it can apply uniformly across the vastly different sectors where AI is being used."

"The government is expected to start voting on and drafting delayed laws soon, many of which were supposed to be voted on a long time ago. These include the transposition of EU directives, such as the Cybersecurity Act to transpose NIS2, and there's a lot going on in this regard," Georgieva notes. "On the IT front, things are going well. Due to global restructuring and market shifts from the US to Europe, the IT sector is becoming increasingly innovative."

Additionally, a key focus for Bulgaria is "entering the Eurozone by January 2026, and the government has indicated that by summer, we should have a clearer picture of whether this will happen as planned. We are optimistic that the government will remain stable during this period to avoid jeopardizing the process," Georgieva points out.

Finally, "we also anticipate changes in supervisory and regulatory bodies, particularly the Commission for Personal Data Protection, with shifts expected not just at the leadership level but also among commission members," Georgieva highlights. "Regarding competition, we expect also changes in the national regulatory body, and this will likely have implications for our work. Given the changes at the supervisory level, it's important for us to take a moment to observe the new approach and focus of the regulators before reacting." ●

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Georgia Waits For Environment to Stabilize: A Buzz Interview with Otar Machaidze of J&T Consulting

By Teona Gelashvili (April 11, 2025)

Georgia's political and judicial challenges are impacting lawyers, particularly with attempts to introduce FARA-style regulations in a way that could restrict their work, according to J&T Consulting Partner Otar Machaidze. Legal work is stagnating and businesses are waiting for stability while the new convention on lawyers offers a rare glimmer of hope.

"The political situation in Georgia is extremely challenging, and it has a significant impact on lawyers' daily work," Machaidze explains. "The judiciary, in particular, is struggling, becoming increasingly aggressive and unwelcoming. Lawyers who participate in anti-government protests or represent protesters often face administrative charges, forcing them to balance their duty to defend their clients' rights while also protecting themselves."

"the government appears to be manipulating the concept of the US FARA law, attempting to apply it not only to media and NGOs but to legal professionals," he adds. "Under this approach, if a lawyer works on projects involving international clients, or engages in negotiations with the government or public officials, they would be required to declare it under FARA-like legislation."

"There have been troubling cases where judges annulled arbitration awards, undermining the credibility of arbitration as a dispute resolution mechanism," Machaidze adds. "If a lawyer is a listed arbitrator at an arbitration institution, the courts of appeals have used that as grounds to invalidate arbitration agreements. This practice contradicts international legal standards, as well as a decision of the Georgian Supreme Court, but still, the Court of Appeal, has already ruled in at least three cases, making controversial decisions that have been widely criticized by the legal/arbitration community." He further states that "the situation is even more difficult because the legal profession in Georgia is relatively small, and many lawyers who are also arbitrators are engaged in active discussions about these issues."

At the moment, Machaidze states, there is little optimism about the future. "The only piece of good news is that the Council of Europe has recently adopted a new convention on lawyers, but it remains uncertain whether the Georgian government will ratify it," he notes. "In one recent case, a judge was considering fining lawyers who were actively defending their clients and protesting due process violations, but the Bar Association's Ethics Commission refused to take disciplinary action against them, which was a rare positive outcome."

From a business perspective, Machaidze emphasizes that the legal market has been stagnant. "While law firms continue to provide services to their corporate clients, there have been no new projects in the past three to four months," he points out. "Businesses are closely monitoring the situation, but they are unlikely to make any major decisions until the political and judicial environment stabilizes." ●

The judiciary, in particular, is struggling, becoming increasingly aggressive and unwelcoming. Lawyers who participate in anti-government protests or represent protesters often face administrative charges, forcing them to balance their duty to defend their clients' rights while also protecting themselves.

Kosovo Powers Up: A Buzz Interview with Delvina Nallbani of Nallbani Law

By Teona Gelashvili (April 17, 2025)

Kosovo is accelerating its energy transition, SEPA integration, and corporate transparency, aligning with EU standards to boost investment, competition, and economic stability, according to Nallbani Law Office Managing Partner Delvina Nallbani.

"Kosovo is making strides in its renewable energy transition, aiming to add 1,300 megawatts of new capacity by 2031," Nallbani begins. "Lignite power plants continue to struggle to meet electricity demand, which has driven the government to introduce competitive auctions for renewable energy projects. These auctions replace the previous system of direct negotiations with investors. The country held its first 100-megawatt solar auction through competitive bidding in 2024, and plans in the future to conduct regular solar and wind auctions through long-term Power Purchase Agreements."

Nallbani also highlights that "the recently adopted *Law on the Promotion of Renewable Energy Sources* establishes transparent and competitive bidding criteria, where bids are evaluated primarily on price, and those exceeding the set price threshold are disqualified." According to her, "investors can benefit from 'privileged producer status,' which grants access to government-backed financial support schemes. To support renewable energy investments, Kosovo has introduced two financial assistance mechanisms: contracts for difference which ensure financial balance between a reference price and a fixed price, and premium contracts, which provide a fixed premium above market prices to ensure financial stability." The duration of these contracts, according to Nallbani, "varies by energy type – wind projects typically range from 15 to 20 years, while solar projects have contract terms of 12 to 15 years."

Another major development, Nallbani stresses, "is Kosovo's efforts to join the Single Euro Payments Area, a key step toward aligning with EU regulations. The Central Bank of Kosovo has initiated the process, which will harmonize local regulations with EU standards on banking, anti-money laundering, and payment services. Currently, banks dominate Kosovo's financial sector, but SEPA membership is expected to open the market to new players, including electronic money institutions." Nallbani believes that this expansion "will boost competition, reduce reliance on cash transactions, and make cross-border payments more efficient. SEPA membership will also benefit businesses engaged in exports by lowering transaction costs and increasing the attractiveness of Kosovo's financial services." The accession process involves two main steps, she emphasizes: "Kosovo must first be accepted into SEPA, and then service providers can apply to join SEPA payment schemes. While the exact timeline depends on EU institutions, Kosovo's financial providers, particularly banks, must comply with the new regulations at least one month before applying for SEPA scheme participation."

Lastly, Nallbani draws attention to a law establishing a beneficial ownership registry. "The law, which came into force in September 2024, requires all business organizations, registered entities, and NGOs to disclose their beneficial owners. The registry will be administered by the Kosovo Business Registration Agency, creating a centralized database of ownership information." Under the law, she notes, "a beneficial owner is defined as an individual who ultimately owns or controls at least 25% of a company's shares. The Registry must be operational within one year of the law's effective date – December 7, 2024, while existing entities will have 60 days to comply once the registry becomes operational. Previously, the companies were required to disclose their ownership only to banks when opening bank accounts, but this new law ensures comprehensive reporting to a public authority." ●

Kosovo must first be accepted into SEPA, and then service providers can apply to join SEPA payment schemes. While the exact timeline depends on EU institutions, Kosovo's financial providers, particularly banks, must comply with the new regulations at least one month before applying for SEPA scheme participation.

THE DEBRIEF: APRIL 2025

In The Debrief, our Practice Leaders across CEE share updates on recent and upcoming legislation, consider the impact of recent court decisions, showcase landmark projects, and keep our readers apprised of the latest developments impacting their respective practice areas.

This House – Reached an Accord

Peterka & Partners Partner Adela Krbcova draws attention to a new amendment to Czech labor law. "A new amendment to the *Czech Labor Code*, approved by the National Assembly on March 7, was quickly passed by the Senate on April 14. It is awaiting the President's signature and, if published in the *Collection of Laws* in April, it will enter into force on June 1," Krbcova notes. "Only the parts of the bill that amend the *Employment Act* and redesign the unemployment and requalification allowances will come into force as of January 1, 2026. There has been a great deal of discussion about the changes to employment terminations, especially unilateral dismissals, and those that will give parents more flexibility and security, but also deserving of attention are the changes that reduce the administrative burden on employers."

Krbcova points to a shift in salary payment practices, highlighting that priority will be given to cashless salary payments. "The category of employees that can be paid in a currency other than CZK will be expanded," she adds. "A long-awaited change is that the entry medical checks for new employees will be optional for non-risk category work."

Drakopoulos Senior Associate Eirini Galanou outlines a recent legislative development concerning corporate governance and gender representation in Greece. Recently, "*Law 5178/2025*, which transposes into Greek law, *inter alia*, *EU Directive 2022/2381 on improving the gender balance among directors of listed companies* (Law 5178), was published," she reports, adding that the law "aims to achieve a more balanced representation of women and men among the directors of companies." In particular, a key initiative is "the adoption of numerical thresholds for gender representation on the board of directors of listed companies, which are now required to ensure that at least 25% of the underrepresented gender is represented on their boards."

According to Galanou, "for listed companies that meet specific size criteria (i.e., employing at least 250 employees and having either an annual turnover of at least EUR 50 million or an annual balance sheet of at least EUR 43 million), the law provides for an increased threshold of 33%." In addition, Galanou says, the law has also introduced "an obligation for listed companies that fall within the scope of the increased threshold to publish a special annual report aimed at enhancing transparency." The report, according to her, must also be published on the company's website and submitted to the Hellenic Capital Market Commission, the Greek Ombudsman, and the Ministry of Social Cohesion and Family Affairs by September 30 each year.

As for unlisted companies "operating as societes anonymes, Law 5178 provides that they may also be subject to the increased quota of 33% for the representation of the under-represented gender on their board of directors, as well as the proportions of executive members, provided that they meet the above-mentioned size criteria," Galanou notes. "However, adherence to this provision is voluntary for non-listed companies, and an amendment to their articles of association is required. The executive proportion rule may also be applied voluntarily to non-listed public companies that meet the same

Adela Krbcova,
Partner,
Peterka & Partners

Anca Diaconu,
Partner,
Nestor Nestor Diculescu
Kingston Petersen

Denys Medvediev,
Partner,
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Dora Dranovits,
ESG Practice Coordinator,
DLA Piper Hungary

Eirini Galanou,
Senior Associate,
Drakopoulos

size criteria, provided that their articles of association include such a provision."

This House – The Latest Draft

Wolf Theiss Associate Marta Wasil highlights pay transparency reform in Poland. "On April 3, 2025, the Parliament of the Republic of Poland published a draft act amending the *Labor Code*, representing a significant step towards the implementation of *EU Directive 2023/970 on pay transparency*," she notes. "The directive, which must be transposed by EU Member States by June 7, 2026, aims to strengthen the principle of equal pay for equal work and to enhance pay transparency across Member States."

Wasil adds that the draft requires that "remuneration, including all financial and non-financial components, be disclosed not only during the course of employment but also at the recruitment stage. This approach marks a significant departure from the current practice in Poland, where remuneration data is typically treated as confidential business information." In its current form, she says, "the draft act provides for the introduction of an obligation on employers to inform job candidates of the applicable remuneration or remuneration range based on objective, gender-neutral criteria, as well as relevant provisions of collective labor agreements or internal remuneration regulations, where applicable."

"Such information must be provided in writing or in electronic form, in job advertisements, prior to job interviews, or before the employment relationship is established, thereby ensuring transparent and informed negotiations," Wasil adds. "Furthermore, the draft act also introduces changes regarding the scope of personal data that may be requested from job applicants. Specifically, it excludes the possibility of obtaining information about remuneration in current and previous employment relationships." If adopted, she points out that the amendment "will enter into force six months after its publication in the *Journal of Laws*."

As for Hungary, DLA Piper Hungary ESG Practice Coordinator Dora Dranovits highlights a new draft on ESG. "A bit overshadowed by the *Omnibus package*, a proposal was published late March regarding the amendment of the *Hungarian ESG Act*," she notes. "Originally proposed by the Hungarian Chamber of Commerce, the amendments are mainly aimed at – you guessed it – decreasing the administrative burdens of Hungarian companies, especially SMEs. Under the new rules, if adopted, general applicability rules will be amended as well, and no reporting obligations will be applicable to SMEs, including participation in their clients' due diligence processes. The ESG reports of in-scope companies will not be obliged to submit their ESG reports to the authority for the years 2024-2026. The proposal is not yet officially submitted to the Hungarian parliament, but if it is adopted, all Hungarian companies are advised to carry out or update their applicability assessments to be in line with the (seemingly) ever-changing ESG reporting obligations."

The Verdict

Redcliffe Partners Partner Denys Medvediev reports that a Ukrainian court set a precedent recently by overturning the merger clearance for CRH's acquisition

Kostadin Sirleshtov,
Managing Partner,
CMS Sofia

Marta Wasil,
Associate,
Wolf Theiss

Oana Albota,
Partner,
Albota Law Firm

Stefan Pekic,
Partner,
Pekic Law Office

of cement assets. "In a landmark ruling with significant consequences for Ukraine's competition enforcement framework, a Ukrainian court annulled the Antimonopoly Committee of Ukraine's (AMCU) approval of CRH Ukraine's acquisition of shares in Dickerhoff Cement Ukraine," Medvediev notes, adding that "this rare judicial reversal could substantially impact how Phase II merger reviews are conducted and challenged in the country."

According to Medvediev, the case was brought by Kovalska Group, which contested the AMCU's approval of the acquisition. "Kovalska argued that the AMCU's analysis lacked sufficient consideration of the transaction's potential impact, particularly in the downstream ready-mix concrete market, and failed to meet procedural requirements during the merger review process," he reports. "While the AMCU imposed behavioral remedies on CRH, including restrictions on cement production and sales to mitigate anticompetitive risks, the court found these commitments were not adequately enforced. It concluded that the AMCU had not convincingly demonstrated that the acquisition would not harm competition or lead to monopolistic practices, rendering the merger clearance invalid."

Medvediev believes that "this case could mark a turning point for Ukrainian competition law. It confirms the judiciary's willingness to review substantive merger assessments, not just procedural compliance, reinforcing judicial oversight over regulatory discretion. The ruling also highlights the legal risks companies face if commitments made during merger reviews are not strictly observed, including the potential for ex post annulment of clearance." He further adds that the ruling is likely "to prompt increased caution among both domestic and international investors in Ukraine, especially in sectors undergoing consolidation or post-war reconstruction. It may also encourage competitors to seek judicial redress if they believe the AMCU has failed to adequately protect market integrity."

Albota Law Firm Partner Oana Albota highlights a recent court decision in Romania that settles the issue of building permits following the annulment of zonal urban plans. "On April 9, 2025, the Constitutional Court of Romania (CCR) published a press release with significant implications for urban planning practice and real estate development in Romania." The CCR, according to Albota, held that "the previous interpretation, according to which the annulment of a normative administrative act, such as a Zonal Urban Plan (PUZ), automatically affects the individual administrative acts issued on its basis, is unconstitutional. More precisely, the CCR found that such a practice undermines the legal certainty of the beneficiaries of building permits lawfully issued based on urban planning regulations that were valid at the time of issuance" (see more on page 46).

In the Works

On the renewable energy front in Bulgaria, according to CMS Sofia Managing Partner Kostadin Sirleshtov, "Bulgaria saw the licensing of several new photovoltaic projects of local investors, such as Solar Park Trakiya and Geosolar Kamenyak, and the putting into operation of the first new photovoltaic project of Chint/Astronergy in Bulgaria – Boychinovci."

Done Deals

But the biggest news in Bulgaria over the past few weeks, according to Sirleshtov, was related to the oil & gas sector. "A contract for the exploration and extraction of oil and natural gas in Block 1-26 Khan Tervel, located within Bulgaria's exclusive economic zone in the Black Sea, was signed on April 15, 2025, between Bulgaria and Shell. The agreement marks a significant move toward bolstering the country's energy independence, one of the Bulgarian government's key priorities." Furthermore, Sirleshtov reports that on April 12, 2025, OMV Petrom closed a farm-out transaction with NewMed Energy in the Black Sea offshore Bulgaria for the Han Asparuh exploration block. A total of 4,000 pipes were transported to Bulgaria for the construction of the first new gas pipeline – Vertical Gas Corridor – in April. The Vertical Gas Corridor is a crucial project not just for Bulgaria but for Central and Southeastern Europe. Bulgaria aims to be the first country to initiate the actual expansion of its gas transmission system. The first step is the delivery of pipes for the project."

In the field of M&A and private equity in Serbia, Pekic Law Office Partner Stefan Pekic says that "March closed with two significant developments that signal ongoing consolidation and growth in both the financial and consumer sectors." According to Pekic, "both deals highlight increased investor appetite, particularly for well-positioned local players with regional ambitions."

"First, on March 31, AIK Banka officially completed the integration of Eurobank Direktna, following its 2023 acquisition," Pekic reports. "The newly unified entity now operates as Aik Banka a.d. Beograd, positioning itself as the third largest bank in Serbia, with assets totaling EUR 6.4 billion and over 150 branches. This transaction, valued at approximately EUR 280 million, adds to AIK's prior acquisitions of Alpha Bank and Sberbank, reinforcing a strategic pattern of regional expansion." From a legal perspective, he adds that "the deal stands out for its cross-border complexity, involvement of multiple regulatory bodies, and its broader implications for the structure and competitiveness of the financial services market in Southeast Europe."

In the private equity space, "BlackPeak Capital made its first investment in Serbia, acquiring a stake in Kafeterija, the country's leading specialty coffee chain," Pekic continues. "Founded in 2014, Kafeterija has grown to 53 locations across Serbia and Montenegro, and this investment is aimed at fueling its regional expansion into Bulgaria, Romania, and Hungary. The transaction reflects a growing interest of private equity funds in scalable consumer-facing businesses from Southeast Europe, and is a landmark moment for the Serbian startup and hospitality ecosystem."

Regulators Weigh In

The major update in Romania's competition landscape, according to Nestor Nestor Diculescu Kingston Petersen Partner Anca Diaconu, is the developments regarding the Vodafone-Telekom deal. "Romania's Competition Council (RCC) has voiced concerns over two proposed telecom transactions that could reshape the mobile communications market. The deals, through which Vodafone Romania S.A. seeks to acquire Telekom Romania Mobile Communications S.A., while Digi Romania S.A. would take over certain assets of the same company, have triggered eight specific objections from the regulator," she reports. "The RCC now expects the parties to submit commitment proposals designed to eliminate the identified competition risks raised by the deal, which was first announced on October 31, 2024."

Among the regulator's concerns, Diaconu says, "is the potential for a decline in service quality, particularly in the form of reduced average mobile data download speeds that would materially undermine the user experience. At the same time, the authority questions whether the spectrum resources that would be consolidated in the hands of the acquiring companies will be fully utilized." Diaconu adds that "the competitive impact on other market participants also features prominently in the regulator's analysis. Orange Romania S.A., currently reliant on Telekom's mobile infrastructure for colocation services, may see its access restricted under the new ownership structure. Moreover, the terms under which Telekom provides hosting services to Veridian Systems SRL could be adversely affected, potentially disrupting long-standing commercial arrangements."

"More structurally, the regulator is concerned about the future of the wholesale market for mobile access and call origination services," Diaconu notes. "Telekom's departure as a supplier in this segment risks eliminating an essential source of access for mobile virtual network operators, and the regulator has expressed doubts that Digi would be in a position to offer a comparable alternative."

According to Diaconu, "as the review progresses, much will depend on whether Vodafone and Digi can offer compelling remedies to address the regulator's objections. Against a backdrop of intensifying scrutiny of telecom mergers across Europe, the Romanian authority's position sends a clear signal – scale must not come at the expense of competition."

THE CORNER OFFICE: INFLATIONARY PRESSURE

In The Corner Office, we ask Managing Partners at law firms across Central and Eastern Europe about their backgrounds, strategies, and responsibilities. This time around, we dug deeper into a discussion point that came up during our last GC Summit: During our annual General Counsel Summit held in Prague recently, we've learned that even with the inflation in CEE having hovered around 14-20% in recent years, legal fees have remained static or have even decreased in some jurisdictions. Given that, how has your firm managed to consistently deliver high-quality service under these constraints?

Kostadin Sirleshtov, CMS, Bulgaria: CMS has adopted various approaches in order to address the challenges related to the pressure on fees. Firstly, deep specialization – we find that clients are ready to pay premium fees if they are provided with specialized advice by top experts; thus, clients pay 1 hour at premium rates instead of having to deal with 10 hours of an average service with no major added value. Secondly, rate increases – we are adjusting our rates, and we closely monitor the adequacy of these; as a result, our rate increases are mirroring the inflation. Thirdly, leverage – the way we train our Junior Lawyers and specialize them allows for an increase in the leverage, thus leading to an increase in the gross margin within the available rates. Fourthly, relationships – CMS thrives to be the leading relationship law firm and therefore we blend our corporate and resolution work with the day-to-day assistance that we provide to clients.

Stojan Semiz, ZSP Advokati, Serbia: Legal fees have indeed remained static despite inflationary pressures, though this may begin to change as the market continues to mature. At the same time, a strong counterforce is pushing fees downward – increased competition and the declining ability of large firms to gatekeep high-value work.

The only real long-term answer is increased productivity.

We see two key aspects. Firstly, automation, as AI/LLM services are becoming a part of the everyday legal toolkit. Secondly, being agile and intentional with how we operate. We've streamlined internal workflows and doubled down on collaboration with our regional partners to keep things on track.

We also explored flexible pricing models, alternative fee arrangements, and scope-based pricing models where it makes sense, giving clients predictability while allowing us to stay aligned with their goals.

Ivana Ruzicic, PR Legal, Serbia: At PR Legal, we have managed to maintain high-quality service despite inflationary pressures and static legal fees by focusing on two main strategies: cost rationalization and process optimization. Specifically, we have re-evaluated our internal workflows and made adjustments to eliminate inefficiencies. For example, by refining how we allocate resources and streamline communication across teams, we have been able to reduce the time spent on each task without compromising the quality of our work. These improvements have allowed us to deliver more value in less time, ensuring our clients receive the same high standard of service while keeping costs under control.

We have introduced internal procedures to ensure that our teams can execute instructions faster, without sacrificing quality. This reduction in time spent on repetitive tasks has directly contributed to keeping costs lower, even as external pressures rise.

Moreover, we have taken a proactive approach to offering additional services at market-competitive prices. By identifying areas where our clients could benefit from supplementary legal support, we not only add value to our relationships but also help them understand the tangible benefits these services bring.

Through these efforts, we have managed to provide exceptional value without compromising on service quality, which is fundamental to building lasting client trust.

Mykola Stetsenko, Avellum, Ukraine: Indeed, despite the long-term inflation over the past years, we have kept our USD and EUR rates stable without compromising the quality of our work. Since we have only one reputation to rely on, it would be very unwise to lower our quality of legal advice or service because of inflation.

As an inevitable result, such long-term inflationary trends pressure our margin since the costs are gradually rising. For now, we managed to respond to this pressure by making our administrative processes more cost-efficient, coupled with a heavy investment in knowledge management. The latter partially offsets such pressures by allowing us to do our work more efficiently and, therefore, service more clients and more projects.

Bernhard Hager, Eversheds Sutherland, Slovakia: Even though we managed to increase the fees with some clients, the increase did not keep pace with inflation. Neither did the salaries of our people, and our landlord also had to accept only a modest increase in rent. We invested time and energy into new technologies, more efficiency, and the acquisition of new clients, and, thus, the financial outcome of 2024 is quite satisfactory.

Ondrej Peterka, Peterka & Partners, Czech Republic: Our clients generally accept full indexation of our rates. We also have special regional fee arrangements that reflect the volume of work in the whole of CEE. But again, generally, we don't compete based on price, and our clients understand that the substantial inflation of recent years has to be reflected in our prices.

Radan Kubr, PRK Partners, Czech Republic: Despite the fact that the Czech Republic has seen 35% inflation in three years, local clients remain very sensitive to legal costs, and it has proven impossible for lawyers to raise hourly rates, which were already among the lowest in the CEE region. Price competition for new assignments seems to be even fiercer than before. Despite those constraints, our firm remains dedicated to delivering services of the highest quality. In order to do so, we are constantly looking at all possible ways of improving our efficiency and reducing our operating costs. This includes, e.g., implementing various AI-powered agents that help our administrative (HR, marketing, etc.) and legal staff save as much time as possible on routine tasks.

Christoph Mager, DLA Piper, Austria: Even though inflation in Austria has been more moderate than in some CEE countries, law firms still face rising costs, particularly in areas like talent, technology, and infrastructure. At DLA Piper, we have responded with a clear strategy: stay agile, be open to change, operate efficiently, and always put our clients first.

To continue delivering top-tier legal services, we focus on streamlining internal workflows and leveraging innovative legal tech solutions to reduce complexity and improve efficiency, all while managing costs. As part of a global firm, we also benefit from cross-border collaboration and access to shared resources, which allows us to draw on international expertise while tailoring our advice to the Austrian market.

By combining operational excellence with a forward-looking mindset, we continue to offer high-quality legal counsel at fair rates. Clients are less interested in hearing about rising fees. They are looking for partners who may add value and charge a fair price for that. We are committed to being exactly that: a trusted advisor who delivers excellence with commercial sense.

Milos Velimirovic, Kinstellar, Serbia: Inflation in CEE in recent years is among the numerous consequences of global uncertainties. These uncertainties affect general macroeconomic stability in our countries and negatively influence investors' appetite. We still do not know the current cycle's final result, but we are watching the tremendous changes taking place. In such an environment, lawyers are expected to bear their share of negative market trends. Our firm supports clients with the same attention as during times of stability. However, we do not expect to exit the negative cycle with profits at the same level as usual. So, yes, we see the pressure on the level of fees, but there is even more uncertainty in market dynamics and a number of good projects and transactions. The fees are consequently following this trend, and we need to adapt. It would be unacceptable to lower the quality of our work, but rather the contrary. We also try to support our existing and potential clients in terms of the structure and level of our fees.

"DON'T TRUST THAT EMAIL" – AN INCREASINGLY RECURRING NOTE FROM LAW FIRMS

By Teona Gelashvili

An increasing number of law firms have been publicly warning about the misuse of their names in phishing and cyberattacks. PRK Partners Partner Michal Matejka, Musat & Asociatii Partner Stefan Diaconescu, Gugushev & Partners Partner and Head of Data Protection Yoanna Ivanova, and DLA Piper Hungary Partner and Head of Intellectual Property and Technology Zoltan Kozma discuss the growing trend.

Michal Matejka,
Partner,
PRK Partners

Stefan Diaconescu,
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Musat & Asociatii

Yoanna Ivanova,
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Gugushev & Partners

Zoltan Kozma,
Partner,
DLA Piper Hungary

Clickbait to Cloning

"Recent years have seen an increase in phishing and cyberattacks that target law firms specifically, ranging from common clickbait e-mails to more elaborate forms of criminality such as e-mail cloning, invoice forgeries, and apparent client redirected e-mail," Diaconescu explains. "In general, the larger the law firm, the more common and elaborate the cyberattacks it is subject to."

Ivanova points to a broader trend, highlighting "a noticeable increase in phishing attempts and other types of cyber threats since the pandemic accelerated digital transformation." These attacks, she says, "often involve fraudulent emails that appear to come from potential clients or colleagues, aiming to extract sensitive data or gain access to systems. In recent months, there have been numerous reports of attacks that are not directed at lawyers but are disguised as emails from leading law firms alleging violations and asking for some action to be taken by the target."

Touching on his firm's own experiences, Kozma highlights DLA Piper's global cybersecurity risk-management measures, saying that "there has not been any significant rise when it comes to everyday work." Yet, "we have observed an increase in phishing attempts involving misuse of our firm's name," he adds. "These attackers are falsely using DLA Piper's name in order to obtain personal or financial information from companies and individuals."

Further illustrating the tactics used by cybercriminals, Matejka adds that "perpetrators, for example, send fake correspondence purporting to have originated from a law firm or are trying to infiltrate computer systems and networks operated by law firms."

Why Law Firms Are a Prime Catch

Law firms seem to have become prime targets for cybercriminals due to the nature and value of the information they handle. "Law firms may be attractive targets because of the valuable data they manage, encompassing client information, matters, and transactions," Kozma highlights.

"Law firms represent attractive targets for persons who perpetrate cybercrimes as they are usually well-reputed, with notable high-profile clients and with high income," Diaconescu agrees. "As such, obtaining the database of a high-profile law firm or redirecting forged invoices from fake e-mail addresses to the clients of that respective law firm can bring immediate financial benefits to such persons."

Ivanova draws attention to "the sensitive, high-value information" law firms handle, ranging from "corporate transactions and intellectual property to personal client data and litigation strategies." As an example, "in Bulgaria, many firms also work on real estate transactions or business acquisitions, making them targets for cybercriminals looking to intercept or redirect sensitive information, including trade secrets," she points out.

Regulators on Standby

While law firms increasingly find themselves at the center of cybersecurity concerns, regulatory and institutional responses across CEE vary.

"The National Union of the Romanian Bars has reacted to the recent trend in cybersecurity threats that targeted law firms and individual practices and has issued guidelines in order to prevent such vulnerabilities, also organizing certain events in this respect, the latest being organized on March 20, 2025, in Bucharest," Diaconescu says. "Also, in the past, the Bucharest Bar has offered attorneys practicing law in the capital the possibility to attend cybersecurity courses specially tailored for legal professionals and has also implemented a two-factor authentication process for any online services provided."

By contrast, in other jurisdictions, cybersecurity guidance remains more general in nature. "There are no mandatory, detailed cybersecurity standards, specifically for law firms under Bulgarian law, yet," Ivanova notes. "Most of the responsibility falls under the broader GDPR framework and the obligations it imposes for protecting personal data. The Data Protection Commission actively carries out awareness-raising campaigns, including through recommendations and advice on specific measures to be taken."

Hungary presents a similar picture. "We are not aware of any specific new guidance or regulatory framework tailored exclusively to law firms or the legal profession in Hungary," Kozma notes. "There are detailed rules in respect of client-attorney privileges, however, these rules do not deal with the cybersecurity aspects of keeping the confidentiality, integrity, and availability of data and information held by law firms. At the same time, general data protection requirements also apply to law firms, which include the implementation of strong data security measures."

The broader EU regulatory landscape also leaves certain gaps. "Law firms have not traditionally been subject to any specific cybersecurity rules going further than those applicable to standard businesses," Matejka adds. "It is also not the case under the new EU cybersecurity framework *NIS 2*, where law firms typically are not among the entities regulated by such legislation unless they fall within the scope of this legislation as suppliers of a regulated entity. On the other hand, if law firms handle sensitive data of their clients, they should take cybersecurity risks seriously as any incidents may significantly harm their relationships with clients and reputation."

Bigger Firms, Bigger Firewalls

Efforts to strengthen cybersecurity in the legal sector are growing, but implementation remains uneven, particularly between large and small firms. To address emerging risks, "most of the top-tier law firms have started their own IT security department to prevent such threats, began digitalizing all their data and storing it in multiple means (hardcopy and cloud), and also implemented strict IT security policies." Moreover, Diaconescu notes, "law firms that have fallen victim to such cyberattacks have reported the situation to the national Cybernetic Security Directorate or to the Directorate for Investigating Organized Crime and Terrorism." Still, many law firms struggle to implement effective cybersecurity measures. "The shortcomings usually involve their implementation in practice. In order to have sufficient cybersecurity measures in place, you need a knowledgeable and dedicated IT team, which not all lawyers or law firms have (or can afford)," Matejka notes.

The size and resources of a firm play a significant role in its level of protection. "Larger firms typically have advanced cybersecurity measures in place to protect this data, making them less vulnerable to certain attacks," Kozma explains. "However, smaller firms may face more challenges in maintaining the same level of security due to limited resources and technical expertise."

"Most small and mid-sized firms are not adequately protected, either due to budget constraints or lack of expertise," Ivanova agrees. "While larger firms may have robust protocols in place, the average Bulgarian law firm often lacks formal cybersecurity policies or even basic tools like two-factor authentication or secure file-sharing systems."

Beyond the resource gap, there are also concerns about the adequacy of the standards being applied. "The standards currently in place are often based on general IT security practices rather than industry-specific requirements, which may not always take into account the specific risks and sensitivities of legal work," Kozma notes. "Continuous updates and improvements are necessary to keep pace with the sophistication of cyberattacks."

Looking ahead, there might be a need for a tailored and inclusive approach. "While higher cybersecurity standards are crucial for protecting sensitive information and maintaining client trust, it is also essential to consider the unique challenges faced by smaller law firms," Kozma emphasizes. "A balanced approach that provides scalable and affordable cybersecurity solutions can help ensure that all law firms, regardless of size, can protect their data effectively." ●

LOOKING IN: INTERVIEW WITH JAN ANDRUSKO OF PERKINS COIE

By Teona Gelashvili

In our Looking In series, we talk to Partners from outside CEE who are keeping an eye on the region (and often pop up in our deal ticker) to learn how they perceive CEE markets and their evolution. For this issue, we sat down with Perkins Coie London-based Partner Jan Andrusko.

CEELM: What was your first interaction with the CEE region?

Andrusko: My connection with the CEE region is both personal and professional – I was born and raised in the Czech Republic, and I have spent most of my legal career in the CEE region. I also served as the CEO of TV Nova and Nova Group, a leading media and television group in the Czech Republic and the CEE region.

I've led one of the leading M&A and private equity teams in the CEE region, working on various high-profile cross-border transactions involving many jurisdictions in the CEE region, including the Czech Republic, Slovakia, Poland, Hungary, Romania, Bulgaria, Serbia, Montenegro, Croatia, and Slovenia.

Most recently, we advised PPF Group on a landmark EUR 2.15 billion sale of 50% and one share in its telecom assets across Bulgaria, Hungary, Serbia, and Slovakia to UAE-based Emirates Telecommunication Group Company (e&). This transaction was awarded both *CEE Deal of the Year 2024* and *Deal of the Year in Bulgaria* at the *CEE Legal Matters Awards Banquet*.

In June 2024, I relocated to London to co-launch the Perkins Coie London office as the Head of Mergers & Acquisitions, Europe.

Despite the move, the CEE region remains a central focus for me and my team, who relocated to London with me. We are now covering the CEE region from London, whilst still spending part of our time in the region, remaining deeply embedded in its business and legal communities.

Through our long-term relationship and close collaboration with trusted local counsel across the CEE region, we provide tailored, cost-effective support in jurisdictions where we don't have an office, we collaborate to provide services that align with the complexity and scale of each transaction.

In London, our strategy is focused on serving a wide range of stakeholders in the CEE region – from global financial sponsors investing in the CEE region to regional financial sponsor groups expanding internationally, as well as CEE-based founders and fast-growth firms.

CEELM: As for the current pipeline, what has been keeping you busy in the last 12 months?

Andrusko: The past year has been very active. A major highlight was completing the PPF deal that won the mentioned *Deal of the Year* awards.

Beyond that, we've been working on a strong pipeline of cross-border transactions connected to the CEE region. These range from global investors entering the region and regional financial sponsors investing globally. These pipeline matters encompass a variety of sectors, including retail, e-commerce, defense, tech, and infrastructure.

It's been a dynamic period, with growing investor interest in the CEE region, and we're fortunate to be supporting some exciting, high-impact deals that are currently in progress and which are shaping the region's position in the global economy.

CEELM: Which sectors or industries in CEE do you think are poised for the most growth?

Andrusko: AI is definitely having an investment boom in the CEE region right now, with countries like Poland, Greece, and Croatia at the forefront of major funding rounds. The region has become a natural hub for AI investment, thanks to our strong ecosystem of talented tech talent and ambitious founders.

There is also rapid growth in verticals where the AI horizontal plays a key role – biotech and healthcare, fintech and digital banking, automation, manufacturing, defense, and cybersecurity all come to mind.

On the consumer side, retail made a strong comeback in 2024, and I think this will gain momentum for the rest of 2025 also.

CEELM: As for the markets, which markets in the CEE region do you find more promising or challenging?

Andrusko: The Czech Republic remains a key player in M&A activity, securing the highest share of capital volumes and leading in late-stage investment.

Estonia is another exciting market, small but incredibly dynamic, especially for scaleups.

Poland continues to stand out as one of the most promising markets in the CEE. It leads the region in early-stage capital and the number of scaleups. Its strong entrepreneurial spirit and rapidly developing digital infrastructure make it very attractive to investors.

Each market brings its own strengths and challenges, but overall, we're seeing real optimism and a strong innovation ecosystem across the CEE region.

CEELM: What is your perspective on internationals in CEE – how will their presence evolve?

Andrusko: I think we'll continue to see strong interest from international investors who know the CEE region well – they understand the local dynamics and see the long-term value.

At the same time, I expect financial sponsors based in the CEE to remain active both in terms of their local investments and also expanding their investment portfolios globally with a strong focus on Western Europe.

Additionally, I anticipate continued involvement from leading global private equity players who have a deep understanding of the CEE region and who have historically maintained a strong presence there.

CEELM: Where do you see the most activity in the next 12 months?

Andrusko: In terms of inbound transactions, we expect substantial activity around AI investments, particularly in the development of data centers and energy storage solutions.

Given global trends, we anticipate increased investment in the defense industry and related sectors. The broader technology sector will continue to grow, with fintech, e-commerce, and telecommunications remaining key focus areas alongside AI.

As for outbound activity from the CEE region, we expect financial sponsors to maintain strong interest in sectors such as energy and renewables, retail, media and entertainment, and biotech. ●

CYBERSECURITY IN THE AI AGE

By Andrija Djonovic

As AI increasingly intersects with nearly every dimension of digital security, so too does the consciousness of creating conditions to use it in a secure cyberspace. As Space Hellas Group General Counsel Konstantinos Argyropoulos puts it, "there is an acceleration in the way AI interfaces with cybersecurity," pointing to an emerging arms race in which malicious actors and defenders alike adopt increasingly automated tactics. Argyropoulos shared his thoughts on this during the CEE Legal Matters GC Summit 2025 in Prague.

Growing Influence in Cybersecurity

Argyropoulos observes that AI can radically change both offense and defense. "As for offense, we must be aware of the fact that AI is frequently used to update the mechanisms via which malicious code is created in a system," he warns, noting how it automates hacking steps, from probing networks to generating ever more convincing phishing attempts. Yet he also underlines AI's protective potential. "On defense, AI speeds up discovery and repair of software or system weaknesses," pinpointing threats such as "malicious code, intrusion detection, and other types of anomalous activities." This shift is fueling massive investment.

Alphabet's recent USD 32 billion acquisition of Wiz, a cloud security startup, underscores the urgency. Moreover, Argyropoulos points out that data centers proliferate globally – over 11,000 worldwide – and often integrate advanced AI functions, yet each expansion can open new security gaps. "AI is important in use and as a strategy, but we must identify the risks we need to mitigate."

Furthermore, new forms of fraud highlight how AI seamlessly blends into criminal playbooks. "An advanced type of scam we call pig-butchering involves scammers 'fattening' the victim with illusions of trust," Argyropoulos explains. "They spend weeks or months posing as friends, business partners, or romantic interests, then 'slaughter' them by draining their resources." He says there are documented cases with losses in the millions, driven by social engineering "often powered by AI chatbots and manipulative digital personas."

Another chilling example is the deepfake scam at a UK engineering company. "A finance worker transferred USD 25 million after being on what appeared to be a legitimate video call with the CFO," Argyropoulos recounts. "But the malicious actor used deepfake technology, so all participants were synthetic creations." In both cases, AI helped criminals appear alarmingly authentic, underscoring how easily corporate procedures can be circumvented when a convincing – and automated – deception slips into an organization's workflow.

Corporate Environment and Legal Strategies

AI agents are also reshaping daily routines inside companies. "Today's agents can be set to work indefinitely," Argyropoulos continues, "researching, opening new software tools, even placing orders online – all without human intervention." This near-autonomous functionality boosts efficiency but raises critical oversight questions. "We need to do well to be well informed and gain experience to control AI agents," he notes, warning that a poorly designed system might ignore ethical or compliance constraints when pursuing a goal.

Meanwhile, encryption tools protect private communications but complicate the detection of malicious activities. "Around 2.5 billion people already use services like WhatsApp or Apple's iMessage," he explains, and an additional billion joined the ranks when Facebook Messenger introduced default encryption. Although these measures enhance privacy, they also obscure messages where criminals coordinate attacks. Argyropoulos foresees a coming wave of "quantum-safe" algorithms, pointing out that quantum computing breakthroughs could undermine existing encryption standards. In his view, "security is equal parts a matter of technology as it is of strategy," and staying ahead means adapting proactively to evolving threats.

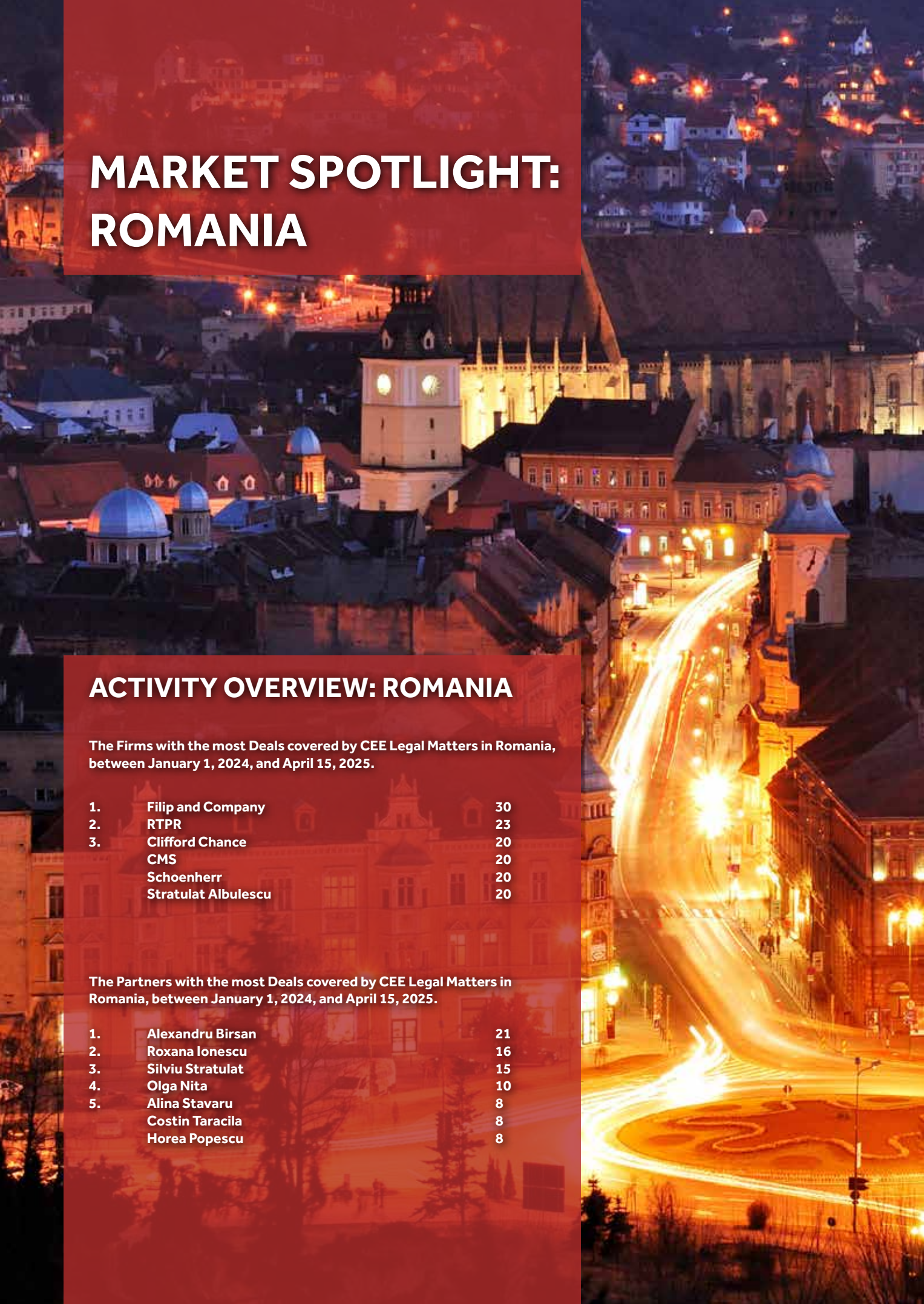
From a legal standpoint, Argyropoulos stresses that "organizations must plan for cyber threats well before one occurs." He cites pre-negotiation efforts that map out how a company might respond if ransomware hits, including setting up incident-response protocols and designating points of contact. "When an attack actually occurs," he continues, "you need experienced legal teams and crisis responders who can decide whether to pay ransom or attempt a workaround. That's where specialized roles, like ransom negotiators, come into play."

Afterward, a post-incident review helps strengthen defenses – installing fresh anti-malware solutions, running penetration tests, and sharing details with colleagues. "It's essential to share relevant information inside the organization, well before situations escalate into crises," Argyropoulos says, calling collaboration key to minimizing damage. He also mentions algorithmic impact assessments as a "proactive accountability mechanism" that can reveal potential blind spots in AI-driven security tools.

However, none of these measures succeed without qualified professionals. "Many companies are turning to AI as a tool for their cybersecurity needs," Argyropoulos observes, "but AI alone cannot fill the workforce gap." Europe, for instance, is short by roughly 200,000 cybersecurity experts. "Beyond technology, cybersecurity is people," he emphasizes. Even sophisticated systems require humans who know how to interpret data, shape guidelines, and make strategic calls under pressure.

Moreover, AI oversight can alter workplace dynamics. "If decisions might be overruled by AI, people can feel resentment or relief," Argyropoulos notes. "We must understand how that psychological shift affects decision-making, especially when dealing with rapid, high-stakes choices like a cyberattack." For him, having "a human in the loop" remains essential to guard against errors and consider broader ethical or legal consequences. Finally, as he puts it, "AI has become important in use and as a strategy – having identified risks, we now need to mitigate them."

MARKET SPOTLIGHT: ROMANIA



ACTIVITY OVERVIEW: ROMANIA

The Firms with the most Deals covered by CEE Legal Matters in Romania, between January 1, 2024, and April 15, 2025.

1.	Filip and Company	30
2.	RTPR	23
3.	Clifford Chance	20
	CMS	20
	Schoenherr	20
	Stratulat Albulescu	20

The Partners with the most Deals covered by CEE Legal Matters in Romania, between January 1, 2024, and April 15, 2025.

1.	Alexandru Birsan	21
2.	Roxana Ionescu	16
3.	Silviu Stratulat	15
4.	Olga Nita	10
5.	Alina Stavaru	8
	Costin Taracila	8
	Horea Popescu	8

IN RE RO:
ROMANIA'S REAL ESTATE SURGE

By Andrija Djonovic

Over the past few years, Romania's property market has matured from a fragmented landscape into one defined by stability, sustainability, and strategic sectoral shifts. Musat & Asociatii Partner Monia Dobrescu, Tuca Zbarcea & Asociatii Partner Razvan Gheorghiu-Testa, and Nestor Nestor Diculescu Kingston Petersen Partner Vlad Tanase take a closer look at how secondary cities are outpacing the capital in price growth and major players are doubling down on assets.

An Evolving Market

"The Romanian real estate market has steadily grown over the past years, and we are seeing the market dominated by more established players, with a strong 'hold' perspective," Tanase begins. "Opportunistic developers or so-to-say 'develop-to-exit' investors tend to hold less market share than before." This comes with the downside of the real estate market being less liquid than other markets, which can put off some investors, "but it is also a strong indicator of market maturity. We are seeing more and more investors looking to buy real estate projects, but major players still prefer to hold on to their assets."

Dobrescu agrees, adding that the real estate market's steady evolution in recent years has been "characterized by adaptability and resilience in the face of significant macroeconomic and geopolitical challenges." A growing trend is the focus on green and sustainable projects. "We see an increasing demand for energy-efficient housing, but also for photovoltaic and wind projects. Consumers are more conscious of environmental impact and prefer buildings that integrate green technologies such as solar panels, advanced insulation systems, and smart resource management solutions." She believes that the market's future looks promising, driven by urbanization, changing demographics, and infrastructure development.

Gheorghiu-Testa adds that the last two years have been very intense, especially considering the "number and magnitude of transactions, with many assets, especially retail assets, changing their owners. The 'usual suspects' like NEPI, AFI, and Dedeman, were as active as the market allowed them to be, but it is also worth noting the entry into the market of a 'batch' of newcomers, in particular M Core Properties or, more recently, Granit Asset Management or Solida Capital."

Secondary Cities Soaring

This real estate evolution is seeing smaller universities and tech hubs drawing buyers away from Bucharest.

"It is true that some cities, such as Cluj, Brasov, Iasi, or Timisoara, are seeing rapid price surges, but one has to consider their size in terms of area and population," Tanase says. "When you have a smaller size with significant hillside or mountainous terrain or graded slopes, there are fewer opportunities for available land and, of course, there is a higher construction cost. The price surges are quite dynamic, and the work-from-home model has allowed people to work from various locations, thus impacting demand and prices in other cities," he explains. "The residential market is the first, however, to be impacted by economic trends, and there is little foretelling in this regard, but we might see rapid shifts in its dynamic."

Dobrescu adds that Cluj-Napoca and Brasov in particular are "experiencing rapid price surges due to increased demand for housing, driven by their growing tech industries, quality of life, and tourism appeal." She explains that, in Cluj, demand is high, while supply is limited, mainly due to the slow pace of development, while in Brasov, price increases are driven by the city's high development potential and the attractiveness of the natural environment. "Also, cities like Timisoara and Iasi are experiencing rapid price surges due to factors such as economic growth, influx of young professionals, and strategic locations."

Gheorghiu-Testa agrees as well that these cities have registered a considerable uptick and adds that "investors and developers in those cities had the chance of a real dialogue with local administrations, based on the common goal of contributing to the sustainable development of the cities, including the urban

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Partner,
Musat & Asociatii

Razvan Gheorghiu-Testa,
Partner,
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Vlad Tanase,
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Nestor Nestor Diculescu
Kingston Petersen

regeneration of former industrial areas. Unfortunately, this has not happened in the last 4-5 years in Bucharest, neither at the central administration level nor at the sector level, and now we are starting to see the results."

Spotlight: Logistics and Modern Offices

Furthermore, the surge in online commerce and shifting workplace demands have vaulted logistics parks and amenity-rich office campuses to the forefront of investment.

"Based on publicly available information, the logistics market has been the highest performer in Romania lately," Tanase continues. "With the increase in online shopping and the change in shopping habits in general, coupled with increased logistics demands and the interconnection of economies, we can fairly say that logistics has been and likely will be the main forward driving factor of real estate." Crucially, he adds that there is a "surge in demand for modern offices with easy access to public transportation. Peripheral projects located on the outskirts of major cities, which are less accessible, seem to struggle a bit and have to compensate for the limited accessibility with various other incentives."

Agreeing, Dobrescu chimes in stating that "the most recent real estate transactions have focused on the industrial and logistics segment, which continues to attract increased investor interest." According to her, the modernization of infrastructure is another key advantage in driving economic growth and the development of the industrial and logistics sectors.

"From what we see, including in terms of transactional work, the industrial/logistics sector is the most dynamic one, while the most affected, at least in Bucharest, is the office market," Gheorghiu-Testa adds. In fact, he reports that office deliveries are shrinking in Bucharest, and "2024/2025 will mark the lowest delivery volumes in two decades." Still, a bright side to the story exists, "especially if you see things from the perspective of office building owners: limited or no supply means higher rents and low vacancy levels."

Challenges and Opportunities

"Romania has one of the biggest growing potentials in the region due to its large population and size, offering immense growth opportunities," Tanase says finally. "With new infrastructure projects being developed at full speed and the recent Schengen accession, we believe we are yet to see the growing opportunities being taken full advantage of."

Concerning specific challenges, Dobrescu highlights "potential interest rate hikes, economic fluctuations, and regulatory changes." On the other hand, according to her, the opportunities lie in "continued urbanization, infrastructure improvements, and increased foreign investment, which could further boost demand and development in the real estate market. The Schengen accession is expected to enhance Romania's attractiveness for foreign investors, especially in logistics and industrial real estate."

Gheorghiu-Testa, for one, considers the general economic outlook to be "less bright than it was a few years ago. Romania is struggling with the twin deficits – current account deficit and budget deficit – and financial analysts predict that after the presidential elections in May, we will see tax increases." This may influence overall investor confidence, as well as borrowing costs. "In addition, and strictly regarding Bucharest, the administrative bottleneck at the level of the Bucharest City Hall has negatively impacted the city's real estate development in recent years. Unfortunately, in the short term, with the current Mayor-General running for President of Romania, things are unlikely to get any better, and this will push developers and investors even more strongly toward more development-friendly cities," he concludes.

A REGIONAL STANDOUT: ROMANIA'S VIBRANT LEGAL MEDIA

By Teona Gelashvili

Romania's legal media has been remarkably vibrant, outpacing its regional peers in both volume and influence. Juridice.ro Executive Director Daria Niculcea, who has witnessed its evolution firsthand, Act Legal Marketing Manager Ana Maria Manea (Pandelea), with the experience of the firm's regional marketing strategy across 18 markets, and Pro/Lawyer CEO Mate Bende who provides PR consultancy examine how different factors shaped this unique ecosystem.

A Distinctively Open Legal Dialogue Culture

"Overseeing the 18 jurisdictions where Act Legal operates, I've found that Romania's legal publishing environment is exceptionally robust," Manea notes. "While many CEE countries rely heavily on institutional communications or general business news for legal visibility, Romania benefits from an independent, editorially diverse legal media space. This pushes law firms to be more thoughtful, and marketing professionals to be more strategic, about how and where they contribute."

Ana Maria Manea (Pandelea),
Marketing Manager,
Act Legal

Daria Niculcea,
Executive Director,
Juridice.ro

Mate Bende,
CEO,
Pro/Lawyer Consulting

Niculcea shares a similar viewpoint, saying that Romania has developed a solid ecosystem of legal publications over the last two decades. "The first serious initiatives appeared in the early 2000s, with Avocatnet.ro in 2001 and Juridice.ro in 2003," she notes. "However, the real turning point was undoubtedly Romania's accession to the European Union in 2007. That moment sparked an explosion of interest among lawyers in being visible in the public and professional space, and the emerging legal media platforms were quick to respond to that demand."

Why Romania Stands Out in CEE?

What sets Romania apart from other CEE countries, Niculcea argues, "is the local culture of public dialogue. Romanian lawyers are generally more willing to have a public voice, to write, and to be visible." In other jurisdictions, "my impression is that communication tends to be more restrained or rigid, and legal media is either nearly absent or focused only on official reporting," Niculcea adds.

And it's not only the case that in other markets communication is actively restrained – sometimes it is more of a self-imposed standard. For example, as Bende explains, "Hungarian lawyers tend to be quite conservative in terms of marketing and PR. Many still recall the era of a complete ban on legal advertising, which was lifted nearly 20 years ago. Despite the change, a sense of restraint remains; many lawyers still feel it is inappropriate to be too visible. However, because of this cautious approach, those who do make use of legal and business media for visibility often stand out significantly more."

Niculcea believes that Romania's legal media landscape is one of the most dynamic in the region, also "not just because of its platforms, but because of the people behind them: lawyers, editors, contributors, and readers alike. It's a space that encourages dialogue, fosters professional growth, and reflects a legal community that isn't afraid to speak up, share knowledge, and evolve."

When asked about the driving forces behind this culture, Manea points to structural influences. She also believes that the reason behind this development is "likely a mix of market maturity, academic tradition," as well as a highly competitive legal culture. "There's a sense that the more often your firm appears in quality publications, the better you're perceived,"

Manea points out. "Half joking, of course – but not entirely. On a more serious note, Romania's language and legal tradition are rooted in Latin, and by extension, in Roman law and Roman rhetorical tradition, meaning the rhetorical and argumentative spirit is deeply embedded in the legal profession. Combined with a competitive market and a structured approach to legal advertising, these conditions have helped Romania develop one of the most dynamic legal media markets in the region."

This combination of cultural and historical factors is further reinforced by a supportive regulatory framework. "The *Statute of the Legal Profession* explicitly allows lawyers to build visibility by publishing legal commentary, interviews, or case notes – but only in legal publications or those with distinct legal sections," Manea emphasizes. "This ensures content appears in relevant, dedicated contexts and avoids the risk of disguised advertising in lifestyle or unrelated media. It also creates natural demand for high-quality legal editorial platforms, and Romanian publishers have long delivered in response." This approach does have its drawbacks. For example, as Bende explains, because in Hungary lawyers can comment on legal trends, legislative changes, or legal procedures in *any type* of media outlet, "business-minded law firms take advantage of this freedom to build both brand awareness and the expert status of individual lawyers," in a more targeted manner. "For example, if an employment lawyer wants to reach HR professionals, they may publish employment law-related articles on platforms specifically targeting HR audiences. They can also utilize general business media, and even tabloids or lifestyle publications – especially in areas like family law, where the target audience may be more active in those spaces."

Key Players in Romania's Legal Media

The current legal media ecosystem in Romania reflects not only growth in numbers but also increasing specialization and digital sophistication. "Today, the most visible platforms include *Juridice.ro*, with an impressive volume of contributions and a very active community, *BizLawyer*, which focuses on business law, and *Legal Marketing*, known especially for its law firm and lawyer rankings," Niculcea says. "Also worth mentioning are *Universul Juridic*, particularly strong in legal publishing, and *Lumea Justitiei*, which takes a more activist and often political-professional stance."

Manea believes that "what stands out is not only the number of publications but also the professionalism and consistency with which they operate. Platforms like *Juridice.ro*, *Universul Juridic*, *Legal Marketing*, *BizLawyer*, and *Ziarul Financiar* (through its dedicated legal section) offer a wide range of formats, from doctrinal articles and interviews to business-legal insights and thought leadership pieces." What's more, the Romanian legal media isn't static, but it's evolving with the times. Notably, she says, "traditional platforms like Juridice.ro are embracing newer formats such as Instagram Reels, showing their ability to adapt and stay relevant to a broader, more digital audience."

Content Trends

Content-wise, Romania's legal media space has a particular tone and focus. "The dominant type of content is largely positive and image-oriented: press releases about promotions, legal commentary on current topics, interviews, and coverage of academic and networking events," Niculcea explains. "At the same time, I've seen a growing shift toward 'thought leadership' content – scientific studies, in-depth thematic analysis – which signals a slow but steady transition in how lawyers communicate: from speaking about what they do to speaking about how they think, through articles and participation in legal events."

This shift in content is mirrored by a deeper change in how law firms approach media engagement as a whole. Niculcea highlights a recent shift when it comes to media strategy – "from reaction to initiative. If in the past law firms waited for publications to 'discover' them or their projects, today most firms manage their public exposure proactively." She says that "many have brought in journalists or communications specialists precisely to ensure a constant flow of high-quality content. It's a genuine paradigm shift – visibility is no longer a side effect of success, but a strategic component of it."

This new mindset has also reshaped internal processes around legal marketing. "Our approach to legal marketing has definitely evolved alongside this environment," Manea adds. "While publication used to be primarily about professional credibility, today it's a more strategic, layered tool for both brand building and business development. We adapt tone and format to fit the outlet, and we're deliberate about who contributes, when, and why. Whether we're promoting a practice group or sharing a lawyer's insights into regulatory trends, our focus is on clarity and authentic connection."

A multi-channel presence has become essential to this strategy. In terms of visibility, Manea says, "we publish across both local and international platforms, each serving a distinct purpose. Local outlets remain highly important for domestic credibility, recruitment, and relationship-building. Pan-regional and international platforms, including CEELM itself, support our cross-border work and positioning in areas like M&A, for example, especially important given Act Legal's regional reach and integrated structure."

MARKET SNAPSHOT: ROMANIA

Small Debts Simplified Claims Threshold Increase Welcomed by Romanian Businesses

By Iuliana Iacob, Partner, and Andrei-Miron Cristescu, Senior Associate, Musat & Asociatii

On April 8, 2025, the lower Romanian chamber of the Parliament approved the *legislative proposal no. 606* (Proposal) that aims to raise the threshold pertaining to the initiation of a specific type of lawsuit concerning debt recovery.

For the retrieval of debts amounting to EUR 2,000, Article 1.026 *et seq.* of the Romanian *Civil Procedure Code* enshrines a simplified procedure entailing a single written phase, relying exclusively on written evidence (Simplified Procedure). While the court may hold formal oral hearings or administer other means of evidence (e.g., witnesses, expert reports, etc.), in practice this is rarely encountered.

Other significant practical benefits of the Simplified Procedure consist of the cost-efficient approach to the dispute resolution process as well as the overall swift conclusion of this specific type of lawsuit.

Naturally, the procedure is far more desirable than the common civil claim, however, its main drawback is that any sum exceeding the regulated amount cannot be obtained via this specific type of lawsuit.

Even if the debtor accumulates five such debts, each more than EUR 2,000 and arising from different contracts, the Simplified Procedure cannot be initiated for the whole sum, and the common procedure must be carried out for its recovery, which usually requires a lot more time, effort, and judiciary taxes.

During the COVID-19 pandemic, *Law no. 114/2021 on certain measures in the field of justice in the context of COVID-19*, extended the scope of the procedure enshrined under Article 1.026 *et seq.* of the *Civil Procedure Code* to claims with an amount in dispute up to EUR 10,000 (excluding interest, court costs, and other ancillary income on the date of referral to the court).

The Proposal seeks to amend Article 1026 para. (1) of the Romanian *Civil Procedure Code* to permanently allow creditors to initiate the Simplified Procedure to recover debts amounting to EUR 10,000, from the current amount of only EUR 2,000.

This highly efficient mechanism for the recovery of small debts will be expected to benefit actors of the Romanian economic market, natural persons and businesses alike, whilst also ensuring a more coherent flow of the judiciary process as well as being a welcome contribution to the overall stability of the local commercial landscape. ●

Employing Foreign Nationals in Romania: Challenges, Regulations, and Solutions to Overcome Labor Shortages

By Gabriela Bunescu, Head of Employment, Hategan Attorneys

Romania continues to experience a significant labor shortage due to widespread emigration and demographic decline, particularly in the construction, trade, and HoReCa (Hotel/Restaurant/Café) sectors. In response, an increasing number of companies are turning to foreign nationals to fill vacant positions. While this practice offers a valuable solution, it is essential that employers understand the complex legal regulations governing this process. Compliance with national legislation not only ensures legal employment but also helps protect the rights of foreign workers.

EU and EEA/EC Citizens – Free Access to the Romanian Labor Market

Citizens of the European Union (EU), the European Economic Area (EEA), and the Swiss Confederation (EC) enjoy extensive rights to move and work in Romania, in accordance with the principle of "freedom of movement for workers" as enshrined in the *Treaty on the Functioning of the European Union* (TFEU). These citizens do not need a permit to work in Romania and are treated the same as Romanian citizens, pursuant to *Directive 2004/38/EC* of the European Parliament. If they intend to stay in Romania for more than 90 days, however, they must register their residence under *OU 194/2002* with subsequent amendments.

Employing Non-EU Nationals – Key Administrative Steps and Regulations

For non-EU/EEA/EC nationals, the regulations are more detailed, and the employment process becomes more complex, involving several procedural steps. The employer must obtain a work permit from the General Inspectorate for Immigration (IGI) for each non-EU citizen they wish to employ. Prior to applying, the employer must demonstrate that no eligible candidates from Romania or other EU/EEA/EC countries were found. The procedure includes publishing the job advertisement for at least 15 days and obtaining a certificate from the County Agency for Employment (ANOFM) certifying that no qualified applicants are available. The employer must also ensure that the employee meets all legal requirements, including the necessary qualifications and medical standards, before signing the employment contract, which must be in written form. To complete the hiring process for non-EU nationals, the employer must submit several essential documents to the IGI, including the employment notice.

Foreign Worker Quota in 2025 – What You Need to Know

Each year, the Romanian government sets a ceiling on the number of non-EU citizens who can be employed in Romania. Employers must consider this quota when deciding to hire foreign workers. For 2025, the quota has been set at 100,000 foreign workers who will be newly admitted to the Romanian labor market.

Exceptions to the Standard Procedure – When a Labor Permit Is Not Required

Certain exceptions exist where a work permit is not required for non-EU nationals under specific conditions. These exceptions include foreigners with long-term residence permits, family members of Romanian citizens, individuals engaged in teaching, scientific, or religious activities, as well as foreigners granted protection in Romania or those seeking asylum. Employers should be aware of these exceptions to streamline the process and avoid unnecessary procedures.

Employers' Obligations Toward Foreign Workers – Rights and Responsibilities

Employers who decide to hire foreign nationals must comply with a range of legal obligations, including registering the employee in the REVISAL system (General Register of Employees). Employers must also ensure that the rights of foreign workers are respected, including fair pay, rest and leave, and access to further training. It is essential that employers avoid wage discrimination and meet their tax obligations related to the employment of foreign workers.

Conclusions – How to Secure Legal Employment and Overcome Workforce Challenges

Hiring foreign nationals in Romania is a viable solution for companies facing labor shortages, but this process must be carried out in compliance with the applicable legislation. Although the procedures may appear complex, following legal regulations and obtaining the necessary documents can ensure a smooth and efficient hiring process. Employers need to be aware of the fees and procedures involved, as well as their responsibilities toward foreign employees, to ensure that their rights are respected and to contribute to the long-term success of the business. ●

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Transposition of the Corporate Sustainability Reporting Directive in Romania

By Ioana Hategan, Managing Partner, Hategan Attorneys

Romania is taking a decisive step toward integrating the *EU's Corporate Sustainability Reporting Directive* (CSRD) through the triple regulatory framework simultaneously established by the Ministry of Finance through *Order No. 85/2024*, the Financial Supervisory Authority through *Norm No. 4/2024*, and the National Bank of Romania through *Order No. 1/2024*.

These regulations require companies meeting certain criteria (such as being listed entities with over 500 employees) to prepare sustainability reports starting from the fiscal year ending December 31, 2024.

Introduction of the Romanian Sustainability Code

The *Romanian Sustainability Code* is a national framework designed to guide companies in Romania through transparent and standardized sustainability reporting. It aligns with international best practices and supports the country's commitment to the United Nations' Sustainable Development Goals under the *2030 Agenda*. The framework establishes comprehensive corporate reporting requirements based on Global Reporting Initiative Universal Standards, implemented through a centralized governmental online platform, with assessment criteria strategically organized into four fundamental categories: strategy, process management, environment, and society. This initiative supports the National Strategy for Sustainable Development and encourages companies to systematically evaluate and report their sustainability practices.

The code's reporting framework structures corporate environmental governance into four interconnected pillars: (1) strategic vision that embeds sustainability into business DNA, (2) process management that ensures accountability through governance and risk assessment, (3) environmental stewardship that scrutinizes ecological footprints, and (4) societal impact that recognizes business success extends beyond profit to people and communities. Each category includes specific criteria and performance indicators, accompanied by checklists to assess compliance levels. These represent the structure of how companies should organize and present their sustainability practices.

Benefits and Challenges for Companies

Romania's framework delivers a triple advantage to forward-thinking companies: (1) building stakeholder trust through unprecedented public disclosure, (2) providing strategic clarity through methodical sustainability assessment, and (3) creating distinctive market positioning for businesses that authentically embrace environmental responsibility as a competitive differentiator. In addressing the new reporting framework, companies might face substantial challenges in collecting comprehensive data from their operations and supply chains for the assessment of environmental impacts, social policies, and governance structures, as well as in developing internal capacities through staff training and establishing necessary processes to ensure accurate and efficient sustainability reporting.

Implementation of the Corporate Sustainability Due Diligence Directive (CSDDD)

The EU's CSDDD, adopted in July 2024, imposes due diligence obligations on companies to identify and mitigate adverse human rights and environmental impacts within their operations and supply chains. Romania, as an EU member state, is required to transpose this directive into national law by July 26, 2026. The new ESG reporting requirements in Romania are being implemented in phases, depending on company size and public interest status. Approximately 5,300 companies in Romania will be required to prepare sustainability reports starting in 2025, marking an expansion of the non-financial reporting framework that begins in 2024 for listed entities with over 500 employees but which will embrace a much wider spectrum of organizations that meet at least two of the dimensional criteria established by recent regulations: total assets of minimum RON 25 million, net turnover of at least RON 50 million, or a workforce exceeding 50 employees.

The Reports Content represents the substance of what must be disclosed, in accordance with CSRD and international standards.

From an environmental perspective, information must be aligned with the six objectives of the EU taxonomy: climate change mitigation and adaptation, pollution, water and marine resources, biodiversity and ecosystems, resource use, and circular economy. The social pillar provides information on equal opportunities, working conditions, and human rights. And the governance pillar encompasses the perspective on the composition and role of governing bodies, internal controls, risk management, business ethics, and corporate culture.

The report must be included in the administrators' report as part of the financial statements and will require certification by an independent auditor, who will issue a limited assurance opinion. Subsidiaries whose sustainability information is included in the consolidated management report of another company may be exempted if the parent company's details and the location of the consolidated report are disclosed. Companies are expected to report on sustainability aspects across their entire value chain. If complete information is unavailable, they must detail the efforts made to obtain it, reasons for any gaps, and plans to acquire the necessary data within the first three years of the reporting requirements.

Sustainability reporting is becoming a central aspect of corporate strategy, influencing investor decisions, customer perceptions, and overall corporate reputation.

Romania's Logistics Landscape in Motion: Strategic Shifts Amid Market Consolidation

By Alex Teodorescu, Managing Partner, Teodorescu Partners

Romania's logistics and transportation sector is entering a new era. With the recent regulatory approval of DSV's acquisition of DB Schenker, the industry is witnessing the most significant consolidation move in over a decade. The deal directly reshapes how logistics providers in Romania position themselves, scale their operations, and recalibrate strategic priorities.

The DSV-DB Schenker Merger: What It Means for Romania

Romania has long played a strategic role in connecting European and regional supply chains. Both DSV and DB Schenker operate well-established logistics networks in the country, covering a mix of warehousing, freight forwarding, and multimodal transport solutions. The merger, recently cleared by European regulators, marks the beginning of a complex integration process – one that is expected to influence service structures, client relationships, and competitive dynamics across the Romanian market.

The combined entity is expected to continue its operations in Romania across existing business lines, with integration efforts gradually aligning internal systems, client services, and logistics capabilities. This evolution prompts many local market players to reassess their positioning – some focusing on niche solutions, others investing in process automation or exploring strategic partnerships to strengthen their market role.

Competitive Pressures and Client Expectations

The new market reality pushes Romanian logistics firms to evolve. Clients, especially in the e-commerce, automotive, and FMCG sectors, expect more than just transport from their partners. They are looking for integration: from warehousing to customs brokerage to last-mile delivery – ideally backed by real-time data and ESG reporting.

While larger players have the infrastructure and resources to offer these bundled services, mid-sized companies are turning to M&A, joint ventures, or tech-based partnerships. Some are adopting leaner models, focusing on flexibility, transparency, and client proximity, capitalizing on their ability to move faster than the giants.

Operational Agility Over Legal Complexity

Although new EU and national regulations are shaping operations – especially in areas like emissions, digital freight management, and working conditions/environment – the more immediate concern in the Romanian market is commercial agility.

Legal teams now play a supporting role in strategic decision-making: reviewing commercial terms, renegotiating supplier agreements, and ensuring cross-border compliance for expanding businesses. The goal is not just legal risk mitigation, but creating operational clarity and speed in execution.

Talent, Tech, and Transformation

Labor remains a core challenge, with skilled personnel in short supply. Logistics firms are under pressure to improve working conditions and compensation models to retain talent, while also facing increased scrutiny on proper classification and cross-border employment practices.

Meanwhile, technology continues to separate the resilient from the vulnerable. Romanian logistics firms are investing in route optimization software, transport management systems, and client-facing dashboards. Legal advisors are increasingly involved in drafting and negotiating the tech and data-sharing agreements that underpin these innovations.

Compliance Challenges: RO e-Transport, e-Factura, and UIT Codes

Beyond strategic repositioning, Romanian logistics companies are also navigating increased compliance demands imposed by national fiscal authorities. The mandatory implementation of RO e-Transport and e-Factura systems, along with the requirement to generate and report UIT codes for high-risk goods, has introduced new layers of administrative complexity. While these measures aim to reduce tax evasion and improve traceability, their rollout has placed significant pressure on operational teams – particularly in managing real-time data accuracy and avoiding costly delays or penalties. Companies must now integrate IT and legal functions more tightly than ever, ensuring that digital reporting requirements are met without disrupting the physical flow of goods.

Where the Sector Is Heading

Romania's logistics sector is growing– not just in volume but in complexity. Clients demand more, the competition is global, and the pace of change is accelerating. In this context, strategic clarity becomes a differentiator.

The DSV-DB Schenker merger is just one headline – but it serves as a wake-up call. Whether Romanian firms choose to scale, specialize, or streamline, the direction is clear: remaining static is no longer an option.

Powering the Future: Key Legal Developments in the Romanian Energy Sector for 2025

By Alina Stancu Birsan, Partner, and Lavinia Cazacu, Senior Associate, Filip & Company

The Romanian energy sector has been a hot topic in recent years due to market developments as well as to the legal framework which continued to adapt to governmental policies and the market's needs. 2024 was no exception to this trend, with several milestones reached, and 2025 is expected to bring further changes and evolutions on the market.

One of the key milestones achieved in 2024 was the successful completion of Romania's first 1,500 megawatts contract for difference (CfD) auction. In 2025, the second CfD auction is anticipated, with a total capacity of 3,472 megawatts, comprising: (i) 2,000 megawatts for onshore wind projects and (ii) 1,472 megawatts for photovoltaic projects. Additionally, at the end of 2024, the Ministry of Energy announced the collaboration with the European Bank for Reconstruction and Development for implementing a CfD Scheme for power storage capacities in Romania.

The interest in standalone battery energy storage systems (BESS) reflects a market shift from storage capacities as part of hybrid renewable projects, fueled by the need for grid balancing and greater flexibility. Consequently, at least one new call for state-aid schemes supporting standalone BESS projects from the Modernization Fund is expected to be launched in 2025.

A significant legislative improvement in 2024 related to BESS projects was the clarification that such projects are exempted from certain tariffs generally applied to consumers. Specifically, the *Energy and Natural Gas Law no. 123/2012* was amended to exempt storage facility operators from paying: (a) the tariff for the transmission service (the component for extracting electricity from the grid), the distribution service, and the tariff for purchasing system services; (b) the green certificates contribution; and (c) the cogeneration contribution. However, the tariff system for storage projects may be further amended in 2025, pending ongoing analysis by grid operators and subsequent revision by the Romanian Energy Regulatory Authority (ANRE).

Further to regulatory changes made in 2024, the grid connection rules are also set to change in 2026. Based on the new rules, the reservation of power in the grid will be made via capacity auctions. Annual auctions will be organized to allocate available capacity in specific areas related to the transmission and distribution grids, applicable to projects with a capacity equal to or exceeding 5 megawatts.

The allocation periods are set for 10 years starting with the second year after the year in which the auction is conducted. For the successful implementation of these new rules, several preparatory steps must be ensured by the transmission system operator, including setting up the platform on which the auctions will be organized. By July 1, 2025, the transmission and system operator is expected to provide updates on the status of implementation steps.

Lastly, the *EU Directive 2023/2413 of the European Parliament and of the Council of 18 October 2023* (RED III) is expected to be transposed into national law in 2025, following a consultation procedure to which various stakeholders have submitted observations. One of the main amendments expected to result from the transposing legislation relates to the legal framework for guarantees of origin (GOs). In previous years, the outdated legal framework for GOs was a significant obstacle to concluding Power Purchase Agreements (PPAs) in Romania, a topic of considerable interest to many stakeholders.

The enactment of such an act would be a first step toward reforming the legal regime for GOs, establishing deadlines for ANRE to approve the new legal regime, expected in 2026. A much-anticipated change is the possibility of ANRE entering into agreements with other issuing bodies or representative associations of issuing bodies, including the Association of Issuing Bodies. This proposal is expected to enhance the integration and efficiency of the GOs system, promoting greater transparency and cross-border cooperation.

In conclusion, the Romanian energy sector continues to be a dynamic one, with significant progress made in 2024 and promising developments anticipated for 2025. As Romania continues to refine its legal and regulatory landscape, the energy sector is set to further develop, with the aim of attracting substantial investments and driving sustainable growth.

The Constitutional Court of Romania Definitively Settles the Issue of Building Permits Following the Annulment of Zonal Urban Plans

By Oana Albota, Partner, and Miruna Pioara, Associate, Albota Law Firm

On April 9, 2025, the Constitutional Court of Romania (CCR) published a press release with significant implications for urban planning practice and real estate development in Romania. According to this official communication, the CCR upheld the exception of unconstitutionality raised in a case concerning the provisions of Article 23 of *Law no. 554/2004 on Administrative Litigation*, as interpreted in accordance with *Decision no. 10/2015* of the High Court of Cassation and Justice – The Panel for Preliminary Ruling on Questions of Law.

Through this ruling, the CCR held that the previous interpretation, according to which the annulment of a normative administrative act – such as a Zonal Urban Plan (PUZ) – automatically affects the individual administrative acts issued on its basis, is unconstitutional. More precisely, the CCR found that such a practice undermines the legal certainty of the beneficiaries of building permits lawfully issued based on urban planning regulations that were valid at the time of issuance.

Legal Grounds

The central argument retained by the CCR is that "*to grant automatic effect to a court ruling annulling a normative administrative act with respect to individual administrative acts [...] affects legal certainty.*" It is thus established that legal relationships formed under a normative framework valid at the time cannot be overturned automatically or indirectly in the absence of an individualized analysis and an adversarial process.

This approach aligns with the principle prohibiting the retroactive application of judicial decisions. Moreover, the CCR reaffirms the legal autonomy of the individual administrative act and safeguards it against disproportionate and arbitrary external effects.

A Long-Awaited but Delayed Decision

This clarification comes after a prolonged period of legal instability and uncertainty generated by an administrative and judicial practice that encouraged the mass annulment of PUZs and, implicitly, the invalidation of building permits issued based on them.

In recent years, Romania's capital city has been the stage for intense disputes triggered by the annulment of PUZs and the building permits issued pursuant to them. PUZs adopted by decisions of the sector local councils were challenged in court and subsequently annulled, which led to a widespread suspension of building permit issuance and a veritable blockage in real estate investment. Thousands of beneficiaries (individuals and developers) found themselves facing the uncertainty of building permits issued in compliance with the legal framework in force at the time of their issuance.

Although driven by a desire to correct past excesses, the initiatives of local authorities produced severe and irreversible collateral effects, seriously undermining trust in the legality and stability of administrative acts. In the absence of prompt intervention from the CCR or the legislature, a legal protection vacuum emerged, fueling hundreds of administrative litigation cases and jeopardizing the coherent functioning of the real estate market.

Consequences and Future Directions

The CCR's decision is final and binding, with *erga omnes* applicability. From the perspective of administrative practice, it must be promptly assimilated by local public authorities and the courts of law. More precisely, building permits lawfully issued based on PUZs valid at the time of issuance can no longer be invalidated solely due to the subsequent annulment of the respective PUZs.

This solution not only restores coherence to the urban planning system but also corrects a clear imbalance between public and private interests. The decision encourages long-term investment and provides a predictable framework for urban development.

Nevertheless, it is regrettable that this clarification arrived only in 2025 after thousands of permits were contested, numerous projects blocked, and public trust in administrative authority deeply shaken. ●

Accessibility Law and Its Impact on Banking Services in Romania

By Gabriela Anton, Partner, Tuca Zbarcea & Asociatii

Romania is set to implement a significant legal framework aimed at enhancing the accessibility of products and services for all consumers, particularly those with disabilities. This initiative is encapsulated in *Law No. 232/2022, which transposes the provisions of Directive (EU) 2019/882 on accessibility requirements for products and services*. The primary objective of this law, which will come into effect on June 28, 2025, is to create a more inclusive market by mandating that various products and services, including banking services, meet specific accessibility standards. This move is part of a broader effort to ensure that individuals with disabilities can fully participate in economic and social life.

Scope and Impact on Banking Services

Law No. 232/2022 covers a wide range of banking services, including credit contracts for consumers, issuance of electronic money, financial investment services, payment services, and services related to payment accounts. The law requires that all these services, when offered to consumers, must meet specific accessibility standards.

Key Requirements for Banking Services

Under the new law, banking services must meet several accessibility criteria to ensure they are usable by individuals with disabilities. These requirements include:

1. Accessible Information: All information related to banking services, including terms and conditions, must be provided in formats that are accessible to individuals with disabilities. This means that information should be available through multiple sensory channels, such as visual, auditory, and tactile formats. For example, banks must ensure that their websites and mobile applications are compatible with screen readers and other assistive technologies.

2. User-Friendly Interfaces: Banking interfaces, whether online or at physical terminals, must be designed to be easily navigable by individuals with disabilities. This includes providing options for text-to-speech, adjustable text sizes, and high-contrast displays. ATMs and other self-service terminals must also be equipped with features such as tactile buttons and audio instructions to assist users with visual impairments.

3. Customer Support: Banks are required to offer customer support services that are accessible to individuals with disabilities. This includes providing assistance through various communication channels, such as telephone, email, and live chat, and ensuring that support staff are trained to assist customers with disabilities effectively.

4. Security and Identification: Methods of identification and security, such as electronic signatures and payment services, must be designed to be accessible. This ensures that individuals with disabilities can perform secure transactions without facing additional barriers.

Ensuring Compliance and Cooperation

Banking service providers are required to implement procedures to ensure that their services remain accessible, even as accessibility requirements or service characteristics change. If a service does not comply with the accessibility requirements, providers must inform the supervisory authorities and take corrective measures.

The National Authority for Consumer Protection is currently designated as the supervisory authority to verify compliance with these accessibility requirements.

Industry Implications

The implementation of *Law No. 232/2022* will require significant adjustments from banking service providers. They will need to review and possibly overhaul their internal procedures, documents, and software systems to ensure compliance with the new accessibility standards. This may involve investing in new technologies, training staff, and developing new processes to maintain accessibility.

While these changes may pose challenges, they also present opportunities for the banking industry. By making services more accessible, banks can reach a broader customer base. This can enhance customer satisfaction and loyalty, ultimately benefiting the banks' bottom line.

Conclusion

Law No. 232/2022 marks a pivotal step toward making banking services in Romania more accessible to all consumers, particularly those with disabilities. While the law imposes new obligations on banking service providers, it also offers an opportunity to enhance service quality and inclusivity. As the June 2025 deadline approaches, it is crucial for banks to proactively adapt to these changes, ensuring they are well-prepared to meet the new accessibility standards and serve all consumers effectively. ●

Romania's Transition to Renewable Energy

By Gabriela Cacerea, Partner, and Emanuel Flechea, Senior Managing Associate, Nestor Nestor Diculescu Kingston Petersen

Romania is accelerating its transition to renewable energy, aiming to expand wind and solar power as key components of its energy mix. In 2024, several new regulations were introduced to incentivize private investment and streamline project approvals, fostering a more attractive environment for green energy development.

One of the recent policies implemented by the Romanian authorities is the first Contracts for Difference (CfD) auction. In January 2025, the electricity market operator published the list of 21 companies that signed contracts after winning this first CfD auction. These companies will develop wind and solar power projects with a total capacity of 1,500 megawatts, benefiting from the CfD scheme for 15 years. Winning bids for wind projects ranged from EUR 54.5 to EUR 77.3 per megawatt-hour, while solar projects secured prices between EUR 45 and EUR 54.1 per megawatt-hour. The CfD scheme, backed by EUR 3 billion from the Modernization Fund, aims to ensure stability by covering the difference between the market price and the contracted execution price. Another major pillar for the development of the renewable energy sector which has been under the spotlight in 2024 is the grid capacity allocation. The National Regulatory Authority in Energy (NRAE) introduced a two-phase amendment to the grid connection framework in 2024.

The first phase included immediate changes such as a new financial guarantee requirement, where projects over 1 megawatt must provide 5% of the connection tariff before receiving a grid connection permit (ATR), meant to prevent grid congestions caused by speculative or unfunded projects. Additionally, investors experiencing uncontrollable delays can extend the building permit deadline by up to 12 months, provided they submit proof and a 5% financial guarantee. The second phase, effective from 2026, introduces a competitive grid capacity allocation system. Projects of at least 5 megawatts will obtain access through annual auctions and investors must provide a participation guarantee of 1% of the auction price. The full impact remains uncertain, as the TSO is expected to finalize auction procedures by July 2025. This marks a fundamental shift toward a competitive grid access model, increasing transparency, but potentially creating financial barriers for smaller investors.

In 2024, the national framework also saw additional and long-awaited new developments, such as the new regulations for developing offshore wind projects. This new law regulates key aspects of offshore wind energy, including the responsibilities of authorities, concession blocks, licensing conditions, construction, and operation.

Additional regulations are still required to fully implement its objectives, part of them, at the time of writing, being expected by March 31, 2025, when the government should approve the list of relevant offshore wind blocks, as well as specific rules on concession procedures, royalties, guarantees, and potential support schemes.

Looking forward, the government plans on approving to transpose *RED III*. Key provisions cover joint projects with EU states, guarantees of origin, renewable energy in heating, cooling, and transport, and sustainability criteria for biofuels. These amendments support *Romania's National Energy and Climate Plan*, reinforcing commitments to EU climate targets for 2030 and 2050. While things seem to be headed in the right direction in many matters, there are outstanding issues that still require review from the competent authorities and lawmakers.

For example, in October 2024, the European Commission called on Romania to remove restrictions on electricity and gas price setting and exports. Romania's national measures, including mandatory contributions from electricity producers to a transition fund and fixed gas prices for certain clients, were deemed incompatible with the EU energy market. The Commission argued that these measures violate free price formation and cross-border trade principles. Additionally, the Commission initiated a formal infringement procedure regarding Romania's export restrictions on electricity.

In November 2024, Romania's Constitutional Court ruled as unconstitutional the mandatory contribution to the Energy Transition Fund for certain electricity producers. The Court found the contested provisions violated fair taxation principles and economic freedom while discouraging fair competition and renewable energy production. Following the release of the full ruling, the Ministry of Energy will determine the next steps.

Romania's renewable energy sector presents promising opportunities for growth and investment, driven by supportive government policies, EU directives, and the country's natural resources. The 2024 regulations represented a significant step toward overcoming some of the challenges faced by the sector, with others still to be addressed. ●

A Busy Romanian Competition Council

By Anca Diaconu, Partner, and Rares Farcas, Associate, Nestor Nestor Diculescu Kingston Petersen

The Romanian competition landscape has constantly been at the intersection of significant investment activity and intense regulatory enforcement. The most recent numbers published by the Romanian Competition Council (RCC) testify to this, with 104 economic concentrations reviewed and authorized in 2024 alone, the most in 21 years. At the same time, the new kid on the block of transaction control – Foreign Direct Investment (FDI) screening – shows the authorities' resolve to keep a close eye on deals from a national security perspective. The Commission for the Screening of Foreign Direct Investments finalized the review of 471 transactions in 2024, having 129 other cases pending at the end of last year. From our experience and judging from the decisions already published by the authority at the beginning of 2025, the trend is set to continue.

Outside the sphere of mergers or FDI review, the message remains clear: prevention is far better than cure, and companies are well advised to design and apply robust internal compliance programs. The RCC has been particularly active in enforcing competition rules in both traditional as well as novel areas.

Notably, 2024 witnessed the first movements in applying the relatively new provisions on unfair trading practices (UTP) in the agricultural and food supply chains, as well as on the abuse of superior bargaining position (investigations being launched and dawn raids conducted in various fields – dietary supplements, medical oxygen, car repair shops). The overall sentiment is that the authority purported to phase the process over the years: the adoption of these provisions in 2022 was followed by several rounds of secondary legislation seeking to bring more clarity and flesh out the procedural framework. Having reached these milestones, the RCC seems ready to make use of the new instruments in its toolkit. Remarkably, the RCC considered the UTP regime when accepting commitments in the merger between two major retailers, the clearance of which involved complex discussions with other national competition authorities in Europe.

The authority's additional areas of interest should not be mistaken for a more relaxed enforcement of traditional rules. The RCC has a strong sanctioning record, which has not emerged in a vacuum – the competition authority has pushed over the years for legislative changes seeking to reinforce its competence. These changes (in part driven by the transposition of the *ECN+ Directive*) empowered the RCC to, e.g., conduct announced inspections or dawn raids outside of investigations.

Emboldened by factors such as statutory powers, cooperation with and support from the European Commission and other national authorities, as well as the traditionally very high success rate in court (94% of the High Court of Cassation and Justice's judgments being favorable to the Competition Council in 2024), the authority has imposed hefty fines under the provisions relating to anti-competitive agreements and abuses of dominant position. Some of the most recent and notable examples include fines totaling approximately EUR 43.7 million imposed on players in the cement market for an alleged coordination of pricing strategies or the approximately EUR 25.8 million fine imposed for an alleged abuse of dominance on the market for certain medicines.

Looking ahead, the authority has numerous ongoing investigations (49 at the end of last year, about half of which concern cartel-type agreements). By way of example, the RCC currently investigates alleged bid-rigging practices in the IT sector, vertical agreements potentially restricting the distributors' commercial freedom (conducting dawn raids in cooperation with the Dutch competition authority), as well as the conduct of high-profile players in the digital/technology sector (Apple for alleged abuse of dominant position in the iOS app distribution market, allegedly committed by limiting access to user data used for advertising purposes and, at the same time, favoring Apple's own technological services displaying online advertising in iOS-compatible apps).

Particular attention should therefore be given to approval requirements as well as to the rigors of competition rules. Considering trends at the EU level, companies should expect an ever-tighter enforcement of competition rules in Romania.

INSIDE INSIGHT: INTERVIEW WITH MIHAELA SCARLATESCU OF FARMEXIM

By Teona Gelashvili

Farmexim Head of Legal and Compliance Director Mihaela Scarlatescu discusses her 25-year legal journey, leading in-house strategy across pharma and retail, and balancing legal precision with business impact.

CEELM: Tell us a bit about yourself and your career path leading up to your current role.

Scarlatescu: I graduated from law school and became a lawyer 25 years ago. During my early years, I was lucky enough to do my internship with a great lawyer who really inspired me. When I passed my final exam, I wanted to set up my own law firm. My mentor told me I was too young, but I went ahead and did it anyway. I started working as a lawyer and, fortunately, I had clients from the start.

In 2004, I won a pitch on labor legislation with the pharmaceutical producer Glaxo Smith Kline, which turned out to be my first exposure to the pharmaceutical industry. After three years there, I was recommended to another pharma company, where I eventually became their external counsel. I still remember receiving my first manufacturing contract – I told myself, "I can't do pharma." But someone I trusted told me to take it easy, and that's really when my journey in this industry began. I visited my first plant, read hundreds of contracts, and got to know the business inside and out. That's when I decided to go in-house.

Over the past 25 years, I've done it all – real estate, civil litigation, regulatory compliance, competition law. At one point, I pursued a master's in EU business law, which helped me bring an external, strategic view to legal work and deliver strong outcomes for companies.

Three years ago, I decided to pursue an MBA. It was a tough program at a demanding university in Maastricht, with rigorous core classes. I went in believing, "I'm a good lawyer," and I have to say, earning that MBA was one of the greatest victories of my life.

CEELM: What was the biggest shock when transitioning to the in-house world?

Scarlatescu: To be honest, I didn't really experience a major shock. I was lucky. Very soon after making the switch, I found myself in a company that still had its roots in a Romanian entrepreneurial culture. That meant there weren't too many formalities or layers of corporate governance. There was freedom to think, to be innovative, to build. It didn't feel like a huge transition.

What I realized is that I thrive in companies where there's room to take initiative and take risks. I need challenges and I've been fortunate to find them. That kind of environment allows me to feel more constructive and innovative.

CEELM: How large is your in-house team currently, and how is it structured?

Scarlatescu: We're a team of 11, including myself, and we cover three companies operating in Romania. Altogether, we support nearly 600 consultancy matters per month. The team is structured by area – some focus on commercial work, such as contract negotiations and retail, and others handle national authority controls, litigation, and support for M&As. We also deal with retail agreements for logistics services. And of course, we have a Compliance and Data Protection function too – because, as always, the legal department ends up doing everything.

CEELM: What has been keeping you and your in-house team busy over the last 12 months? What about the upcoming year?

Scarlatescu: This past year, we've been working to bring more transparency across departments. We've also been adapting to developments in competition law and handling quite a bit of labor law work. One big focus has been patient complaints. In retail pharma, all it takes is one bad experience to cause harm – patients come in expecting respect and understanding, and after the pandemic, people have become more sensitive and less sociable. It was honestly the toughest year yet. My team felt overwhelmed at times.

We also had moments where we had to stand by the pharmacies – they weren't wrong, and we had to help them navigate issues ranging from consumer protection to service delivery.

We reshuffled the way we handled these situations, and while it was a bit of a sad process, we also had meaningful negotiations and closed some great contracts.

Looking ahead, we're planning to establish a more clearly-defined corporate governance structure in the area of regulatory law. We also want to increase accountability and create a culture where we own projects from beginning to end. With more than 3,000 employees, that's no small task, it's going to be a challenging year.

CEELM: How do you decide whether to outsource a project or keep it in-house and, when picking external counsel, what criteria do you use?

Scarlatescu: We try to rely on our internal team as much as possible and encourage their growth. That's one of my greatest strengths, and I'm so grateful to my team for the way they rose to the occasion. Of course, there are times when we need to outsource, especially when the pressure is high or we need a second opinion. I know that sometimes, as an in-house counsel, I can be more subjective or take on more risk, so bringing in external perspectives helps protect the company. For M&A deals, we always involve external advisors.

I want to work with lawyers who are like me – people who are business-minded, solution-oriented, and proactive. I've been a lawyer for 25 years, so I know a lot of legal professionals, and I know which ones to call for specific needs. I don't want someone who only responds to a questionnaire, but I want someone who brings ideas to the table. Experience matters, but it's really about mindset. I've had some of the same external collaborations for over 16 years now.

CEELM: What do you foresee to be the main challenges for GCs in Romania in the near or mid-term future?

Scarlatescu: A few years ago, my current CEO said something that stuck with me: "You're not ready for a war like Ukraine." And he was right. Just like we weren't really ready for the pandemic. *Force majeure* clauses were almost an afterthought, and we were caught off guard. Since then, I learned that we have to prepare for the unexpected. GCs today need to be resilient, adaptable, and forward-looking. We also need to build a legacy, something that can endure in these uncertain times. My grandmother used to say that big changes bring big opportunities, and I try to hold on to that thought.

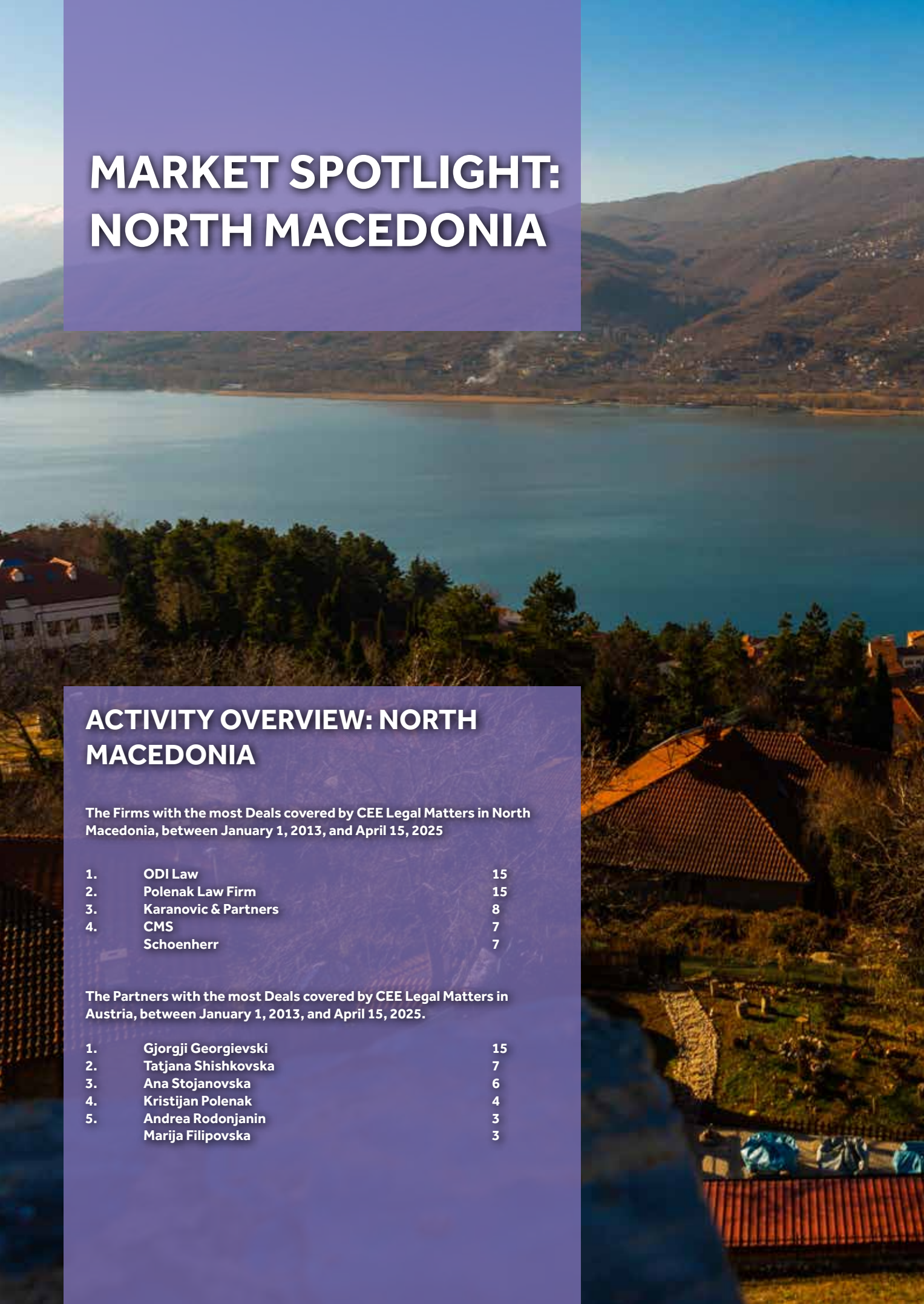
On a more practical level, I expect more taxes, new restrictions on activities, and perhaps things we can't even predict yet. So, I try to stay grounded, focused, and ready for whatever comes next.

CEELM: And finally, what's been the most pleasant part of your in-house journey?

Scarlatescu: I love that I'm never bored. One of the most rewarding moments in my career was when a client asked for some urgent changes. We worked together, made the changes in two days, and succeeded. That feeling that we believed in it and made it happen is what I live for.

I also remember when COVID-19 first hit. My team asked, "What if we could sell COVID-19 tests online?" We checked everything, from product registrations to ethical considerations. One of the hardest questions was: What if people don't report their results and keep infecting others? But we also knew that if we didn't act, people wouldn't know they were contagious. So, we did it – we brought tests into schools and public institutions and did our best to keep business and society moving. That's something I'll always be proud of. ●

MARKET SPOTLIGHT: NORTH MACEDONIA



ACTIVITY OVERVIEW: NORTH MACEDONIA

The Firms with the most Deals covered by CEE Legal Matters in North Macedonia, between January 1, 2013, and April 15, 2025

1.	ODI Law	15
2.	Polenak Law Firm	15
3.	Karanovic & Partners	8
4.	CMS	7
	Schoenherr	7

The Partners with the most Deals covered by CEE Legal Matters in Austria, between January 1, 2013, and April 15, 2025.

1.	Gjorgji Georgievski	15
2.	Tatjana Shishkovska	7
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	Marija Filipovska	3

FDI MOMENTUM IN NORTH MACEDONIA

By Andrija Djonovic

Foreign direct investment in North Macedonia has surged in recent years, with 2024 marking a particularly strong period for inflows, despite global uncertainties such as supply-chain disruptions and regional economic slowdowns, according to Law Office Lazarov Managing Partner Dragan Lazarov and Cakmakova Advocates Junior Partner Vladimir Bocevski.

Robust Growth Amid Global Headwinds

"North Macedonia has been focusing on attracting foreign investors for the past 20 years, and since then it has succeeded in positioning itself as an attractive destination, especially for the automotive industry," explains Lazarov. "The current levels of investments are showing good results amid the challenging times." He highlights that, according to the National Bank, "during 2023, the direct investments equaled EUR 7.53 billion, of which EUR 5.25 billion are investments in equity, while EUR 2.27 billion are investments in debt instruments."

Chiming in, Bocevski adds that "in the first nine months of 2024, North Macedonia experienced record growth in foreign investment, signaling strong economic progress." He also points to additional growth sectors, stressing that "the country's ongoing efforts to attract FDI, particularly in renewable energy and digital sectors, underscore its commitment to sustainable economic growth." He notes that between 2017 and 2022, "renewable energy projects attracted USD 739 million in FDI, surpassing investments in real estate and software and IT services."

Crucially, Bocevski stresses that "North Macedonia offers a favorable environment for FDI with its competitive tax rates, labor costs, and proactive government incentives. Additionally, the country's integration with the EU, trade agreements, and strategic location make it a competitive choice for foreign investors looking to expand their presence in Southeast Europe."

High-Value Targets: Money Meets Momentum

Several sectors continue to dominate the FDI landscape in North Macedonia, drawing both capital and interest due to targeted reforms, global market trends, and a commitment to sustainability and innovation. Moreover, it would appear that strategic government policies and EU integration drives have amplified investor confidence in high-value industries.

"According to the relevant statistics of the National Bank of the Republic of North Macedonia, analyzed by investment activities, direct investments during 2023 dominated in the manufacturing industry and in the financial and insurance activities," says Lazarov. "Other attractive investments and types of projects are information and communication technology, automotive components, renewable energy, textile and clothing, pharmaceuticals and medical devices, and the electro-mechanical industry. These sectors are attracting investment due to a combination of strategic government policies, EU integration efforts, and a commitment to sustainability and innovation."

Bocevski agrees, outlining specific investment formats and sectors. "Key industries attracting FDI are: renewable energy, automotive components, information and communication technology, agribusiness and food processing, textile and clothing, energy, and pharmaceuticals and medical devices." Moreover, Bocevski explains that the types of FDI projects in North Macedonia range from "greenfield investments, expansion investments, public-private partnerships, and infrastructure projects." Specifically, he adds that "the majority of FDI projects in North Macedonia are new ventures established from the ground up, particularly in sectors like renewable energy and automotive components." Additionally, he stresses that "some existing foreign-owned companies have undertaken expansion projects to increase their production capacities and market reach within the country. Furthermore, investments in infrastructure, including the construction of motorways and enhancement of transport net-

> *"The Country's ongoing efforts to attract FDI, particularly in renewable energy and digital sectors, underscore its commitment to sustainable economic growth. [Between 2017 and 2022] renewable energy projects attracted USD 739 million in FDI, surpassing investments in real estate and software and IT services."*

Dragan Lazarov,
Managing Partner,
Law Office Lazarov

Vladimir Bocevski,
Junior Partner,
Cakmakova Advocates

works, have been pivotal in improving connectivity and supporting economic growth."

A Favorable Position for a Competitive Edge

Investors from both within and outside the region continue to funnel capital into North Macedonia, drawn by its strategic advantages and improving economic fundamentals. Beyond headline inflows, the quality of investor partnerships has been shaped by longstanding bilateral relations.

"The top 50% of total direct investments in 2023 come from five countries: Austria, Greece, Turkiye, Germany, and the Netherlands," notes Lazarov. "These countries are present in key sectors, such as banking, energy, infrastructure, manufacturing, but also agriculture, pharmaceuticals, construction, and trade." Many of these are EU members with traditionally good business relations – thanks to proximity, established transport routes, and cultural understanding."

Bocevski expands the roster of key partners further, adding that "North Macedonia has attracted significant FDI from various international investors across multiple sectors, namely from Austria, then Germany, Greece, the United Kingdom, the Netherlands, and Serbia." He also points to the country's recent milestone: "In 2024, North Macedonia surpassed EUR 1 billion in FDI, reflecting a growing appeal as a destination for high-tech manufacturing and sustainable energy solutions."

Regulatory Incentives and Future Outlook

Government policy and market conditions have played a significant role in shaping North Macedonia's FDI growth. A package of pro-business reforms, free economic zones, and investment regulations has been bolstered by targeted incentives and strong market fundamentals.

"Government reforms, attractive tax and legal frameworks, and improving market fundamentals have combined to make North Macedonia an increasingly appealing destination for FDI," says Lazarov. According to him, these efforts are aligned with EU integration goals, and many investors see the country as a gateway to the wider European market.

"North Macedonia is especially aggressive with its tax and financial incentives, particularly in the country's Technological Industrial Development Zones. In these zones, companies benefit from a corporate tax rate of just 10% – among the lowest in Europe, up to ten years of tax exemption, zero duties on imported equipment and raw materials, and long-term land leases at symbolic prices," Lazarov explains.

Bocevski further states that "the Government of North Macedonia, as its policy, introduced pro-business reforms, free economic zones, investment regulations, and laws. It also made economic incentives for FDI, comprising tax incentives, investment grants, and subsidies, and subsidized financing for small and medium enterprises." Underlying market strengths, such as the country's strategic location, a growing economy, a skilled workforce in manufacturing, ICT, and automotive, and ongoing EU accession progress supported by trade agreements, have created powerful tailwinds for investors. "FDI plays a pivotal role in North Macedonia's economic development, offering benefits such as capital inflows, technology transfer, and job creation," Bocevski stresses.

Looking ahead, Lazarov acknowledges the need to remain adaptable. "Addressing structural challenges and aligning with EU standards will be crucial in attracting sustained foreign investment and ensuring long-term economic growth," he says. "Focusing on more added value investments will ensure more quality investors, which could have multiple impacts on the economy."

Bocevski agrees, outlining the obstacles on the road. "Challenges impeding FDI in North Macedonia, amongst others, are regulatory quality, corruption and transparency, and regional disputes. Addressing these challenges requires comprehensive reforms aimed at enhancing governance, transparency, and regional cooperation," he concludes. Moreover, the broader benefits of FDI, such as capital inflows, technology transfer, and job creation, will only materialize fully if paired with stronger regulatory frameworks and the resolution of bilateral and regional disputes.

FRESH LEADERSHIP, FRESH FOCUS: MACEDONIAN COMPETITION AUTHORITY PICKS UP SPEED

By Andrija Djonovic

Driven largely by fresh blood in its leadership, North Macedonia's Commission for the Protection of Competition (CPC) has been noticeably more active in the past month, according to ODI Law Partner Gjorgji Georgievski. The stage has been set for rigorous enforcement and heightened consumer protection, redefining how market players navigate compliance in the country.

CEELM: How would you describe the current state of competition in North Macedonia?

Georgievski: The competition climate in North Macedonia is undergoing a significant transformation. With fresh leadership at the helm, the Commission for the Protection of Competition has shifted to a quite proactive stance. This change is not merely reactionary – it stems from a conscious decision to prioritize competition enforcement as a means to safeguard consumer interests. The new management's willingness to actively seek out breaches has fundamentally affected market dynamics, making transparency and compliance far more important for businesses.

CEELM: What have been the most notable legislative developments in the area of competition law recently?

Georgievski: One of the landmark developments was the adoption of a new law on unfair commercial practices in agricultural and food products supply chains last year, in 2024. This legislation raised the compliance bar across several sectors, particularly impacting the agricultural and supermarket industries. For example, it mandates that companies engage in fair practices by ensuring written agreements and transparent disclosures of pricing, discounts, and rebates.

The law was enacted in response to widespread public concerns and now provides the CPC with a more detailed framework for initiating investigations, thereby reinforcing a culture of accountability and consumer protection. In fact, consumer dissatisfaction, fueled by substantially higher supermarket prices in the post-COVID-19 period compared to markets such as Germany, helped drive the urgency for this legislative move, giving the CPC additional wind in its wings to act decisively.

CEELM: What recent steps has the CPC taken to enforce competition and unfair commercial practices regulations?

Georgievski: Under the leadership of the new President, the CPC has undertaken a series of robust enforcement actions. There has been a noticeable uptick in activities such as dawn raids – in the supermarket sector, for example – where stringent checks are now a more common practice. Investigations into alleged collusion and price-fixing have also expanded into areas like insurance and real estate. In the insurance sector, rising prices – seemingly exceeding what can be explained by simple inflation – have prompted the CPC to investigate further, while in real estate, a combination of steady supply and surging prices has attracted closer scrutiny.

Moreover, given the close interrelation between the real estate and banking sectors, where banks finance commercial and residential developments, the commission might soon be incentivized to extend its focus to banking as well. Importantly, this intensified activity is a reflection of the new President's initiative – it is not so much driven by external pressures as it is by a deliberate change in the authority's approach to actively policing the market and ensuring compliance.

CEELM: What are the main challenges businesses encounter under the current competition law framework?

Georgievski: Businesses are now having to scrutinize every facet of their commercial operations to ensure adherence to the new compliance standards. The primary challenge lies in re-evaluating how contracts are formed, how communications with suppliers are handled, and in reviewing existing procedures that may inadvertently fall into a regulatory "grey zone." For large market players especially, where a single misstep can lead to severe penalties, the push toward comprehensive, integrated compliance programs is both a necessity and a significant operational challenge.

A key factor moving forward will be the extent to which the CPC enforces substantial penalties. If the market begins to see hefty fines – up to 10% of a company's global turnover in the

past year, a notable increase from the previously more lenient regime – we can expect to see companies investing substantially more time and resources to leave no stone unturned in their compliance efforts. Moreover, it is imperative for major market players – capable of distorting the market with a single misstep – to implement bulletproof compliance programs that are fully integrated into every aspect of their operations.

CEELM: Looking ahead, what changes or trends do you anticipate in the regulation or enforcement of unfair commercial practices in North Macedonia?

Georgievski: I expect the trend toward active enforcement to not only continue but to broaden its scope. Beyond the current focus on supermarkets, insurance, and real estate, sectors such as electricity trading, manufacturing, telecommunications, and even banking could soon come under stricter scrutiny. Given that North Macedonia's markets are relatively small and dominated by a few large players, the potential for collusive behavior is significant. The CPC is likely to monitor key market players closely to ensure that coordinated actions do not manipulate market realities.

Should ongoing investigations substantiate claims of collusive behavior in any of the sectors the CPC is currently targeting, we might see fines that are notably more severe than those imposed in the past. Essentially, this zero-tolerance approach will be a cornerstone in shaping market behavior and will urge businesses to elevate their standards of compliance permanently.

CEELM: Based on your experience, what practical advice would you offer to businesses trying to navigate competition requirements in North Macedonia?

Georgievski: My advice to businesses is clear: proactively develop and rigorously enforce a comprehensive compliance program. This involves a meticulous review of existing processes and contractual agreements as well as an ingrained commitment to transparency and ethical business practices. The new leadership of the CPC recognized the need for a more assertive stance – a decision that, in turn, demands that companies adapt swiftly. By integrating robust compliance measures into every aspect of their operations, businesses can better safeguard themselves against regulatory breaches and the substantial penalties that accompany them. Moreover, if substantial penalties become the norm, companies should be prepared to invest even more time and resources to ensure that their compliance programs are bulletproof and seamlessly integrated across all operational levels, thereby preventing any potential market distortions.

MARKET SNAPSHOT: NORTH MACEDONIA

Balancing the Scales: North Macedonia's New Law on Unfair Trading Practices

By Sonja Anastasova, Head of Regulatory and Compliance, Bona Fide Law Firm

North Macedonia has taken a significant step in regulating market competition with the enactment of the *Law on the Prohibition of Unfair Trade Practices in the Supply Chain of Agricultural and Food Products* (Law). This legislation, modeled after the eponymous *EU Directive 2019/633* and the respective laws of Croatia, Slovenia, Bulgaria, and Sweden, aims to create a fairer marketplace, particularly for small and medium-sized enterprises and farmers who often face disadvantages when negotiating with large buyers. The Law is expected to curb abusive practices and improve market dynamics, but it also raises significant questions about its potential impact on businesses and consumers, as well as the economy in general.

Suppliers and buyers of agricultural and food products established in North Macedonia were forced to amend the existing distribution agreements or to conclude new ones by September 27, 2024, prior to the product's delivery. This was an arduous process that completely changed their business relationships.

Suppliers can no longer demand buyers purchase products they do not seek and the agreed delivery period of the products cannot exceed 30 days. On the other hand, buyers shall cease predatory practices ranging from the use of sufficient bargaining power, unilateral contract modifications to delayed payments, unfair delisting of products, return of expired, spoiled, or damaged goods at the manufacturers' expense, requesting investigation or complaint-related costs excessive to reasonable administrative fees. These are only several out of 26 unfair trade practices which the Law provides.

However, it is of utmost importance that the Law restricts the expenses that buyers were imposing on suppliers. Currently, the buyer may be granted discounts and some 'fair' compensations for storage, personnel, advertising, and marketing of up to 10% of the annual turnover. Though promotional discounts are excluded from this limitation, any other payments to the buyer are prohibited, especially if they are not related to the sale of products.

By implementing this regulatory framework, North Macedonia aspires toward a competitive and transparent business environment in which all market participants adhere to defined and equitable standards, stimulating growth while deterring exploitative conduct. Eliminating dominant players may discourage foreign investments, but it enhances market stability and predictability. It offers the prospect of better financial liquidity for smaller suppliers and bolsters the national economy by facilitating domestic production and innovation. As to buyers, while ethical business practices encourage more sustainable cooperative relationships with suppliers, the operational costs may escalate. This potentially leads to buyer's reliance on cheaper international suppliers, who are not subject to the Law until North Macedonia's accession into the EU. Otherwise, higher consumer prices in the short term are a feasible salvation for buyers.

Yet, the mentioned challenges are often overlooked when discussing the Law. The mere focus is placed on the fact that previously, discounts determined by the (large) buyers were reaching an insane 40%, thus resulting in constant price increases of the products so that the suppliers could accept the set terms and sell their products. As a result, it is expected that the Law will positively affect the final price of 2,548 agricultural and food products. Capping discounts and compensations aims at price stabilization, a gradual price reduction, and better product availability in the long run. As a result, inflation should also be limited and the living standard of the citizens should improve. Nonetheless, this will only happen if buyers do not increase the margins and, consequently, product prices, keeping in mind that the Law regulates the relationship between the suppliers and the buyers and not the margins. For the time being, this is prevented by occasional governmental decisions controlling the maximal margins or prices of essential food products. However, this is not a permanent solution. The effectiveness of the Law will depend on how well it balances protecting businesses while maintaining products' affordability for consumers.

Ultimately, North Macedonia's *Law on the Prohibition of Unfair Trade Practices in the Supply Chain of Agricultural and Food Products* represents an important milestone toward ensuring fair competition and economic stability and growth. By rectifying systemic power imbalances, unfair contract terms, and excessive discounts, the legislation lays a solid foundation for protecting businesses and consumers alike while strengthening the economy. However, its true efficacy will be determined by the rigor of its enforcement, its subsequent adaptability to the market reality, and the willingness of market participants to embrace fair trade practices. ●

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INSIDE INSIGHT: INTERVIEW WITH ANA ZAKOVSKA OF IT LABS

By Teona Gelashvili

IT Labs Group General Counsel and DPO Ana Zakovska discusses her transition from private practice to in-house roles in the ICT sector, the evolving nature of legal work, and how privacy and AI are shaping the industry.

CEELM: Tell us a bit about yourself and your career path leading up to your current role.

Zakovska: I've been in the legal field for nearly 20 years, mostly in the ICT industry, though I started out in private practice. I transitioned in-house, taking up an opportunity in the telco services industry, also passing the bar shortly after. The shift built my knowledge of the ITC sector. Since 2011, I have provided corporate legal expertise in the software services industry. I served as GC twice – first at Seavus, the largest ICT company in the country and one of the largest in the region at the time, where I was also the lead in-house counsel during its acquisition. After that, I took a break to focus on my battle to become a mother, the most rewarding shift in my life. I returned to work through a consulting role with IT Labs, which grew into a GC position.

Though I'm based in Skopje, most of my work is international. I collaborate daily with business stakeholders and various counsel across jurisdictions, and I've come to appreciate that being a great in-house lawyer isn't about knowing everything – it's about building strong collaborations, adapting to new cultures, and staying curious.

CEELM: What was the biggest shock when transitioning to the in-house world? And what was the most pleasant surprise?

Zakovska: The biggest surprise was just how different in-house is from private practice. Law school, back then, was mostly theoretical, and when I started out in private practice, work followed mostly the judicial-led, court case processes. Transitioning to in-house changed the rhythm completely – the pace was faster, the flexibility greater, and the range of responsibilities wider.

The positive side was the flexibility, informality, and the chance to build tailored processes that support the organization and its teams, helping the company excel in its growth. The thing that took me by surprise was the workload and volume of responsibilities and their legal diversity in the corporate setting. There was so much you had to tackle. You're not just handling legal processes – you're supporting the business, managing cases to not reach litigation and, if they do, to be on the win side, you're helping shape strategy, the list goes on. Depending on the industry, you can find yourself navigating anything from software to meatpacking.

I thrive on that. In tech-heavy environments, where most colleagues aren't from legal backgrounds, I find it especially rewarding to bridge that gap and help them move with confidence.

CEELM: What best practices did you identify over time in terms of structuring a legal department?

Zakovska: Right now, we keep it relatively lean. In my previous role, the department varied in number, but was always relatively small, which is quite typical in industries like ours. It depends on your use of external counsel, alternative services, use of tech, and what you want to achieve. It also depends on the business organization and budgeting. Often, when the load is great, but teams are smaller, it can be super challenging. This is where business leadership should be aware and provide a seat at the table for the leaders managing legal affairs, to give them the possibility to learn how the business and organization are operating. That is the only way companies can ensure their advisors grow and develop into business partners as well, abandoning the traditional perception of "the legal department" and unleashing its full potential as a unit that also drives and contributes to business growth.

Our goal is always to strike a balance: use internal resources for ongoing, wide range of inquiries, and bring in specialists for niche areas or jurisdiction-specific matters. An exception to this would often be privacy compliance. In our industry, most in-house lawyers are generalists who can cover a wide range of topics – from employment and compliance to contract negotiations and corporate governance. But you shouldn't build everything internally if you don't have to. Outsourcing helps manage the budget and gives you flexibility. Using technology and embedding it in the legal department is also a major improvement for legal operations, which boosts company-wide collaboration with the legal department.

I'm also a believer that legal operations shouldn't always comprise strictly legal roles – project leads, office coordinators, and admin staff play a crucial part, especially when legal teams are small.

CEELM: How do you decide whether to outsource a legal matter or keep it in-house?

Zakovska: It depends on the nature of the matter. If a process requires specific jurisdictional expertise or local verification, then outsourcing is usually the wisest choice. In litigation, for instance, we always work with external counsel – there's just no way to do that efficiently in-house, and across borders, if you have a small team. I'm also a strong believer in using alternative legal service providers, as well as introducing alternative dispute resolution solutions when negotiating multinational contracts. Those seem more expensive upfront, but they can be faster and more efficient in the long run. A court case can drag on for 10 years, in many CEE countries or around the world, while an arbitration may resolve a dispute in a fraction of that time. Cost optimization isn't just about today's fees, it's about the total cost of resolution.

CEELM: What do you look for when selecting external counsel?

Zakovska: It's a strategic decision. Of course, cost is a major factor, but so is the type of legal service you need. For large-scale M&A work, a global law firm might be best. For something more specialized or fast-moving, a boutique firm might be more agile and better suited. I always run an RFP process. I look at the actual offers in detail, but I also speak to the candidates personally. It's important to understand how they think, how prepared they are, see their flexibility range, and whether they understand our business. That personal interaction often tells me more than any pitch deck.

CEELM: What has been keeping you and the legal department busy over the last 12 months? What's on your radar for the next 12?

Zakovska: The past year was all about reshaping our offering and building our workforce expertise further, to better nest in our organization in the often-volatile world of software services, continuing our steady pace of further growth. Looking ahead, we're shifting our focus to strategic partnerships, compatible with our robust, transparent, and dynamic culture that delivers stellar service. You can't promote best practices externally if you're not living them internally. One thing I've noticed is a shift in awareness levels around emerging technologies. When the GDPR came into force, hardly anyone understood its implementation at first, and what it took to achieve compliance. But with AI, it's even more unpredictable – everyone's using it, yet very few truly understand the risks. There's a misconception that if a tool is free or accessible for wide global use, it must be safe or compliant, especially regarding privacy, IP, and security. That's a huge challenge for legal departments and one we're addressing head-on through our *AI Governance* policy, which we currently implement across our group.

CEELM: What challenges do you foresee for GCs in North Macedonia in the near to mid-term future?

Zakovska: I'm also on the management board of the Macedonian Association of Corporate Counsel, now also a member of ECLA. Through that network, we've been gathering input from our members, and a few recurring themes have come up.

Firstly, while our in-house community is growing, we're still not as far along as some other jurisdictions. We're an EU candidate country, and while our privacy laws are well-aligned with the GDPR, we don't yet have national legislation on AI and cybersecurity. The progressive companies are implementing global trends in the absence of national legislation.

Privacy compliance stays in focus, and the new regulation on the prohibition of unfair trade practices is proving to be quite demanding in implementation, shaking up the private sector quite a bit.

Finally, as AI continues to evolve, GCs will need to understand both the risks and the opportunities. Legal departments must "sell" the value of secure, responsible AI use to management to get the tools and support they need. And since many legal departments are still small and overloaded, AI could be the key to staying lean while handling growing demands. ●

KNOW YOUR LAWYER: EMILIJA APOSTOLSKA OF APOSTOLSKA ALEKSANDROVSKI & PARTNERS

Career:

- Apostolska Aleksandrovski & Partners; Managing Partner; 2009-present
- Global Communications Networks; Head of Legal; 2007-2009
- Global Communications Networks; In-House Legal Counsel; 2006-2007
- Mens Legis Consulting; Junior Legal Advisor; 2005-2006

Education:

- University of Ss Cyril and Methodius Skopje – Law Faculty Iustinianus I; LL.M. in Intellectual Property Law; ongoing
- University of Strasbourg (Center for International Intellectual Property Studies); LL.M. in Intellectual Property Law; 2012
- University of Ss Cyril and Methodius, Skopje – Law Faculty Iustinianus I; LL.B; 2004

Favorites:

- Out-of-office activity: Hiking in the beautiful Macedonian mountains, but my recent passion is playing golf.
- Quote: "Don't tell me how educated you are, tell me how much you have traveled." – Prophet Muhammad
- Book: *The Navel of the World* by Venko Andonovski
- Movie: *Pulp Fiction* (1994) by Quentin Tarantino

Top 5 Projects:

- Advising Liberty Ostrava a.s. and Liberty Galati S.A. on the refinancing of Liberty Steed's debt, aligning with the GFG Alliance's regional restructuring strategy. The work involved cross-border coordination and ensuring compliance with local financial regulations.
- Advising Big Energia Holding on the acquisition of local project companies and supported the legal aspects of developing solar parks with a total capacity of 200 megawatts.
- Advising Interenergo d.o.o on the development and launch of operations for the PERUN wind park, covering regulatory, contractual, and permitting aspects.
- Advising e& PPF Telecom Group on the acquisition of the direct-to-home business of SBB Serbia (United Group) and its North Macedonian branch, covering regulatory and transactional aspects.
- Advising Colgate Palmolive on regulatory and IP matters across the ADRIA Region, including Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Bulgaria, Montenegro, Albania, Kosovo, and North Macedonia.

CEELM: What would you say was the most challenging project you ever worked on and why?

Apostolska: One of the most challenging projects I have worked on was the development of a national optical fiber backbone network – a first of its kind since the independence of the country. The legal complexity was immense due to the lack of clear regulatory frameworks at the time. There were no established procedures for permitting, and we had to navigate a legal vacuum while ensuring compliance with constitutional, property, and infrastructure laws. The project required coordination with multiple stakeholders, including local municipalities and state authorities, each with differing interpretations of their competencies. This created constant delays, inconsistent requirements, and legal ambiguities that demanded creative yet compliant legal solutions. Adding to the pressure was the political sensitivity of the project – it had national importance and was closely monitored by the public and political actors. The challenge laid in balancing legal risk with the need to maintain project momentum. It was a true test of negotiation skills, regulatory interpretation, and legal foresight. What made it rewarding, however, was knowing that the legal groundwork we established contributed to setting a precedent for future infrastructure projects in the country. It was not just a legal assignment – it was shaping policy through practice.

CEELM: And what was your main takeaway from it?

Apostolska: What stayed with me most is how important it is to stay flexible and think ahead when the rules aren't clear. That project showed me that as lawyers, we often help build the path as we walk it – and that's both the challenge and the reward. It changed the way I approached every big project since.

CEELM: Name one mentor who played a big role in your career and how they impacted you.

Apostolska: While I have never had a mentor in the traditional sense, several individuals have significantly influenced my growth and shaped the professional I am today. One of them is my first "real boss," Ljubica Ruben of Mens Legis – a trailblazer in Macedonian corporate law – who taught me that it's not enough to simply be present in a crowded room; what truly matters is standing out and getting the deal done. Another key figure was Jeff Finley, my supervisor during my time as in-house counsel. Although I was still early in my career, his trust and unwavering belief in my abilities were instrumental to my development. Their support gave me the encouragement and drive to grow with each step, helping me become a better lawyer.

CEELM: What is the one piece of advice you'd give yourself fresh out of law school?

Apostolska: Wisdom is not something that can be taught at school – it is acquired through personal experience. Guidance of respected individuals can offer valuable insights but true wisdom must be discovered firsthand. Embrace life fully! ●

EXPERTS REVIEW: LABOR

This issue's Experts Review section focuses on Labor. The articles are presented ranked by unemployment rate per country (% of total labor force) according to World Bank 2024 statistics. Unemployment refers to the share of the labor force that is without work but available for and seeking employment.

The Czech Republic leads with an unemployment rate of 2.5%, while North Macedonia ranks last with 13.4%.

*2021 data available only.

Czech Republic: Will the Dismissal Process Be Faster?

By Adela Krbcova, Partner, Peterka & Partners

A breach of labor obligations by an employee has been discovered in your company, the investigation and assessment have taken several weeks, and since immediate dismissal is risky, you have decided to proceed with dismissal for a serious breach of labor obligations. If this decision is made at the beginning of the month and no one is ready to agree on mutual termination, you won't get rid of the employee any sooner than a timeframe of almost three months. Furthermore, if there are delays in the delivery of mail by the post office or the employee falls ill, it will take even longer.

An amendment to the *Czech Labor Code* recently adopted by the Parliament, known as the "Flexi Amendment," is expected to allow for faster dismissals.

Currently, the length and course of the notice period do not depend on the reason for termination or the party terminating the employment. It is at least two months. It begins on the first day of the month following the delivery of the notice and ends on the last day of the second calendar month. This means that if the notice is delivered on April 15, the notice period runs from May 1 to June 30. Especially in cases where the relationship between the employer and the employee has been severely damaged and trust has been shaken, keeping the employee for such a long period is problematic for the employer and often has to be resolved by putting the employee on "garden leave" while still paying them without any work being done in return.

The notice period can only be extended, never shortened, by contract by both parties in the same way, and, except in rare cases involving key personnel or managers, in practice, this option is not often used.

Once the Flexi Amendment becomes effective, the notice period will be shortened to only one month if the employment is terminated by the employer for (i) failure to fulfill conditions or requirements for proper performance of work, (ii) violation of obligations arising from labor regulations (in practice referred to as violation of work discipline), and (iii) violation of the medical regime of an employee on sick leave.

For other reasons of termination (organizational or health-related), the two-month notice period remains in force.

In all cases of notice of termination, the notice period shall commence already on the day the notice is delivered to the other party. It will end on the day that is the same number as the delivery day, i.e., if delivery is made on April 15, the end day will be May 15 (or June 15). If there is no such day in the corresponding month (e.g., February 30), the end day will be the last day of the calendar month (e.g., February 28).

The parties may agree to extend the notice period or change the way it runs, provided that it is the same for both the employer and the employee, except for the reasons for termination allowing a one-month notice.

There are situations where the employer may prefer that all employees be dismissed on the same day or on the same last calendar day because other steps may be linked to that day. In particular, in the case of collective redundancies or redundancies with a large number of employees, it is unlikely that all of the affected employees will be notified on the same day (due to holidays, teleworking, illness) and then the last day, if counted according to the new rules, would be different. Determining the effectiveness of the dissolution of the employement its part or certain positions would be logistically more demanding to plan.

The extension of the time limits for assessing and evaluating grounds for notices for work discipline reasons and prolongation of the probationary period are other measures proposed to assist employers in the dismissal procedure.

Only time and experience will tell whether these changes will make it easier for employers to manage dismissals and, as a result, get the Czech labor market moving. The prerequisite for this is the successful completion of the legislative process. If published in April, the new rules are expected to come into force on June 1.

A review of the contracts, internal rules, and other documents that may apply to the notice periods would be appropriate already in order to consider any changes to be implemented and to reset internal processes. ●

Poland: New Obligations for Employers to Protect Employees Against Mobbing

By Agnieszka Nowak-Blaszczak, Head of Labor, Wolf Theiss

The Polish Ministry of Family, Labor, and Social Policy has prepared an amendment to the *Labor Code*, which in particular amends the existing provisions on mobbing. The new provisions are expected to enter into force in 2025. The aim of the amendment is to remove ambiguities in the current provisions, simplify procedures for pursuing claims, and increase the responsibility of employers for negative phenomena in the work environment, including mobbing.

The new proposed definition of mobbing will set out its key features, focusing on the persistence of the harassment and its negative impact on the employee. According to the draft legislation, the persistence of harassment consists in the fact that it is repetitive, recurrent, or permanent. The draft amendment specifies that harassment may be perpetrated by a superior, a co-worker, a subordinate, or a group of persons, and that its effects will be assessed regardless of the intention of the perpetrator.

The draft provides for an open catalogue of examples of behavior that constitutes mobbing. According to the draft, forms of mobbing include, in particular: "*humiliating or insulting; intimidating; lowering an employee's assessment of his or her professional usefulness; unjustified criticism, humiliation or ridicule of an employee; hindering an employee's functioning in the work environment in terms of his or her ability to achieve work results, perform his or her official tasks, use his or her competences, communicate with colleagues, access necessary information; isolating an employee or eliminating him or her from the team.*"

These behaviors may consist of physical, verbal, or non-verbal elements. Moreover, ordering another person to engage in such behavior toward an employee or encouraging another person to engage in such behavior will be considered as mobbing. Unintentional behavior toward an employee that could have a specific effect, regardless of whether that effect actually occurs, will also be mobbing. This proposed change has been criticized because in principle, the intention of the perpetrator of mobbing is to harass the employee and therefore it is a deliberate act. If an unintentional act is also deemed to be mobbing, it may lead to a situation where an employee may consider pointing out an error, a simple misunderstanding, or unclear, rapid communication to be mobbing – because in their subjective perception, it will be, for example, unjustified criticism or humiliation.

The draft provides that in assessing whether the behavior experienced by an employee constitutes mobbing, both the nature of the objective impact on the employee and the employee's subjective feelings or reactions, where these are reasonable, shall be taken into account. This provision is questionable because it introduces a vague criterion. The concept of reasonable subjective feelings is not clearly defined, so the assessment of such an element is highly discretionary. As a result, both employees and employers may have different ideas about what is reasonable in a given situation. Employers are likely to question whether the subjective feelings in question were reasonable, leading to a protracted process of resolving such cases.

An employee who has suffered mobbing will be entitled to claim compensation for non-pecuniary damage from the employer in an amount not less than the employee's salary for a period of six months or damages.

One of the most important changes is that the draft law exempts employers from civil liability if they can prove that they have actively and continuously taken preventive measures against mobbing and that the mobbing did not originate from the employee's superior. This will ensure that companies that genuinely take care to comply with anti-mobbing standards will not be unfairly held liable for the actions of individual employees.

It will also be the employer's duty to detect and respond appropriately to mobbing and to take adequate and prompt corrective action and provide support to those who are victims of mobbing at work.

The draft law provides for the obligation to include in a collective labor agreement or work regulations (or an announcement if the employer is not obliged to have one) the principles, procedure and frequency of preventive measures against violations of dignity or equal treatment, discrimination, and mobbing. This will make these regulations a mandatory element of each company's internal policy.

Employers should monitor the legislative process and prepare their organizations for the new obligations that will be imposed by the amendments to the mobbing legislation. Employers should review existing internal anti-mobbing policies or, if they do not already have such policies, introduce appropriate provisions for reporting mobbing and conducting internal investigations.

Slovenia: Protection of Disabled Employees Against Termination of Employment Contracts

By Maja Skorupan, Co-Head of Labor and Employment, Law Firm Senica & Partners

The protection against the termination of employment contracts for disabled workers who still have residual working capacity is guaranteed both by the *Employment Relationships Act* (ZDR-1) and the *Employment Rehabilitation and Employment of Disabled Persons Act* (ZZRZI). Despite relatively uniform case law that has developed over the years, two recent rulings from the Higher Labor and Social Court have set new, stricter criteria for assessing the justification of dismissal reasons, which raise numerous dilemmas among employers in practice.

The ZDR-1 stipulates that an employer may terminate the employment contract of a disabled worker if the worker is no longer capable of performing work under the terms of the contract due to disability. However, the employer also has the obligation to ensure that a worker with residual work capacity is offered alternative work suitable to their remaining work capacity or work with reduced working hours. Substantive and material adjustments to the work and any maximum permitted working hours are granted to the disabled worker through a decision by the relevant authority that decides on their disability status.

Until recently, based on case law from the Higher Labor and Social Court of Slovenia (e.g., *Judgment Pdp 88/2024* dated April 17, 2024), it was understood that if a worker no longer meets the general health conditions required for a specific job, because the physical demands of the job, as assessed by the employer's risk assessment, exceed the worker's health capabilities, it is assumed that the worker is no longer able to perform the work under the existing employment contract.

A decision by the disability authority confirming that the worker's health condition no longer allows them to perform the job for which they have an employment contract meant that the worker was incapable of performing the duties and tasks associated with the employment contract.

The changed conditions under which the worker could perform work (primarily the job description) were, in the court's opinion, considered to require a corresponding change in the employment contract (Article 49 in connection with Article 31 of ZDR-1), which meant that, in such cases, the worker was not performing the same job but a different one, which the employer was not required to systematize if such needs were not demonstrated. The court maintained that under the existing legislation, there is no obligation for the employer to reorganize their work process or reassign a job position that would only include tasks the worker could still perform given their health limitations.

On June 19, 2024, the Higher Labor and Social Court changed its stance with *Judgment Pdp 79/2024* (and subsequently on July 3, 2024, with *Judgment Pdp 215/2024*), referring to *Council Directive 2000/78/EC on the general framework for equal treatment in employment and occupation* (Directive). Article 5 of the Directive requires employers to provide reasonable accommodations to ensure equal treatment of disabled persons, demanding that employers take appropriate measures based on specific needs to enable disabled persons to access, participate, or advance in employment or training unless such measures would impose a disproportionate burden on the employer.

The concept of "reasonable accommodation" within the rights acquired by a worker in the disability process also includes the employer's obligation to adjust the existing job to the worker's remaining work capacity if they are able to perform the essential duties of that job, or to maintain an already accepted reasonable accommodation, allowing the worker to retain employment. The employer is relieved of this obligation only if they prove that such an adjustment would impose a disproportionate burden in terms of the financial and other costs associated with the measure, the size and financial resources of the organization or company, or the availability of public funds or other forms of assistance, as outlined in the introductory statement of Article 21 of *Directive 2000/78*.

What it means for the employer to be disproportionately burdened by a measure and how they will need to prove this fact has not yet been assessed by the court. This is a key legal issue, as it determines both the employer's obligation and the employee's (disabled) right to a workplace adjustment. The rulings will certainly also impact the constitutional right to free economic initiative, which, among other things, foresees the freedom to manage a business entity in accordance with economic principles.

Hungary: Internal Investigations – Why a Robust Internal Policy Is the Best Corporate Safeguard

By Nora Ovary-Papp, Head of Employment, Baker McKenzie

Internal corporate investigations are no longer occasional procedures but essential elements of organizational integrity and risk management. In Hungary, where labor law, data protection, and criminal law intersect, companies must handle investigations with diligence. While whistleblowing systems are mandatory for certain Hungarian organizations, effectively managing reports remains challenging. Establishing robust internal policies and adhering to data protection standards from the outset are the best safeguards against corporate liability risks, as improperly handled evidence may be inadmissible in legal proceedings. As a result, internal investigations must emphasize transparency, proportionality, and lawful data management, particularly when competition law or criminal law issues arise.

The Need for a Defined Internal Investigation Process

In Hungary, employers are not required to notify authorities about criminal offenses, even in cases requiring public prosecution. Most economic offenses are pursued privately, allowing employers some discretion in deciding how to address alleged misconduct. Defined internal investigative processes mitigate *ad hoc* decision-making risks, which could lead to legal disputes or claims of unfair treatment. They also ensure compliance with data processing and labor law regulations. Such policies protect both employers and employees by ensuring that investigations are conducted fairly and proportionately. This transparency strengthens employee confidence and enhances the company's ethical standing. It also safeguards employers against potential liability, as thorough documentation demonstrates proper and impartial investigations. As these grow more complex, especially when competition law or criminal law elements are involved, structured procedures become indispensable.

Data Protection and the Credibility of Evidence

One of the primary challenges in Hungarian internal investigations is managing personal data. Hungarian data protection laws and the *EU General Data Protection Regulation* (GDPR) impose stringent requirements on processing employee data during investigations. Personal data collection must have a valid legal basis, such as fulfilling legal obligations or pursuing legitimate corporate interests. From the outset, companies must ensure that data collection is lawful, proportionate, and confidential. Noncompliance can lead to fines, legal challenges, and the exclusion of evidence in legal proceedings. Employers must securely store investigative records and restrict access to authorized personnel only. This is particularly important in whistleblowing cases, where protecting both the reporting individual and the accused employee is essential. Mishandling personal data could render an entire investigation legally invalid, placing the employer at significant risk.

Competition Law Risks and the Business Impact of Internal Investigations

Competition law violations can result in severe penalties, especially in connection with cartel agreements or the abuse of a dominant market position. An internal report may reveal conduct such as price-fixing or market allocation. In such cases, Hungarian companies must decide whether voluntary collaboration with competition authorities is warranted to mitigate potential sanctions. Where accusations involve abuse of market dominance, investigations should rely on objective and provable data to avoid liability. Reports may also expose misconduct by business partners, suggesting potential contract breaches or anti-competitive behavior. Given these implications, companies must proceed cautiously to ensure compliance with competition law when handling confidential commercial data.

The Role of Artificial Intelligence in Internal Investigations

Hungarian businesses are beginning to explore artificial intelligence (AI) tools to enhance compliance monitoring and investigative procedures. AI can efficiently detect financial anomalies, flag suspicious communications, and identify potential fraud. However, these tools come with ethical and legal considerations. Algorithms trained on biased or incomplete data may result in unfair outcomes for employees under investigation or fail to recognize critical nuances in workplace behavior. Under Hungarian law, employees have the right to be informed about the data collected about them and to contest decisions made based on automated processing. Therefore, employers must ensure transparency in AI-based methods, whereby human judgment remains central to investigative decisions, to evaluate broader contexts, consider mitigating factors, and ensure fairness and compliance with legal standards.

Conclusion: Why Internal Policies Are the Best Safeguard for Companies

Ultimately, a robust internal policy is the best safeguard in navigating the complex investigative process involving labor law, data protection, and competition law, among other legal considerations. This policy should outline clear reporting mechanisms, ensure data protection compliance, define investigation procedures, and establish escalation protocols for legal violations. In doing so, companies reduce legal risks, ensure fair treatment of all parties, and maintain regulatory compliance. Such policies protect the company while also promoting a culture of integrity, transparency, and trust, strengthening long-term business resilience and reputation among employees, customers, and partners. With transparency, lawful data handling, and procedural fairness at the center, a robust internal policy lays the groundwork for a more ethical and sustainable corporate environment. ●

Slovakia: Practical Issues with Electronic Signing of Labor Documents

By Jana Sapakova, Partner, and Simona Makuchova, Senior Associate, Eversheds Sutherland

As digital solutions become more widespread in business operations, the use of electronic signatures for labor-related documents is increasingly common in Slovakia. However, it is crucial for both employers and employees to understand whether such signatures hold legal validity under Slovak labor law. This article examines the key points surrounding the use of electronic signatures in labor documents.

Slovak labor law mandates that certain documents must be executed in writing to be legally valid. Failure to meet this requirement may result in the document being considered invalid.

Slovak civil law regulates that the written form is preserved if the legal act is made by electronic means, which enables the content of the legal act to be recorded and the person who made the legal act to be identified. The written form is always preserved if the legal act made by electronic means is signed by a qualified electronic signature (QES) or a guaranteed electronic seal. Therefore, legal acts within the employment law, which require written form, may be executed electronically, provided that the method used ensures the document's content is preserved and the identity of the person signing can be verified.

To obtain a QES, an individual must use a certified provider – an authorized entity that issues certificates verifying the signer's identity. This process ensures that the signature is secure and that the document remains unchanged after signing.

A QES is recognized not only in Slovakia but also across the European Union according to the *eIDAS Regulation*, making it a secure and widely accepted method for signing labor-related documents.

While electronic signatures are legally valid, employers should consider several practical and legal aspects when using them for labor-related documents.

Written Form Requirements: Slovak labor law distinguishes between documents that must be in writing and those that do not. Documents such as termination notices, salary deduction agreements, and material responsibility agreements must be in writing to be valid. Other documents, like employment contracts or amendments to employment terms, also require a written form but are not automatically invalid if the written form is not followed. A QES, but also a simple electronic signature, satisfies the written form requirement for these documents, as long as it ensures authenticity and integrity.

Risks of Non-Qualified Electronic Signatures: While QES have full legal validity, non-qualified electronic signatures carry certain risks. These are less secure and harder to verify, which can be problematic in case of disputes. Non-qualified signatures for documents that require a written form under Slovak labor law carry a risk because of the lower reliability.

Challenges With Electronic Delivery: Although electronic signatures are allowed under certain conditions, the delivery of labor documents electronically can raise concerns. Slovak law requires certain documents, such as termination notices, to be delivered in person. This means that even if a document is signed electronically, it may still need to be physically delivered to the employee to be legally valid. In practice, electronic delivery methods, like email, do not meet legal delivery requirements unless the employee has explicitly agreed to receive documents electronically. For certain documents, especially termination notices, physical delivery by a person or by registered mail with acknowledgment of receipt to the recipient's hands remains necessary.

Electronic Delivery in Practice: Some courts have started to accept electronic delivery in specific cases, particularly when the employee has agreed to receive documents electronically or in case of delivering documents from the employee to the employer. However, this practice is still uncommon, and employers should be cautious when considering electronic delivery of labor documents.

In summary, an electronic signature, especially QES, is legally valid for signing labor-related documents in Slovakia, provided it meets the necessary standards for authenticity and integrity. Employers can use electronic signatures, for example, for employment contracts, and other papers that require a written form, except termination notices or any other documents where the invalidity would cause damage or high risk to the employer. Beyond that, it is essential to comply with delivery requirements, as Slovak law generally mandates that certain documents, like termination notices, be delivered in person or by registered mail. ●

Austria: Key Considerations for Employers During Layoffs

By Stephan Nitzl, Partner, and Jennifer Held, Senior Associate, DLA Piper Austria

In Austria, workforce restructuring is often necessary for companies facing economic challenges or needing to reorganize. However, the process is heavily regulated, and employers must ensure compliance with legal requirements to avoid complications and potential legal risks. This article outlines the key steps and legal obligations employers must follow when carrying out workforce reductions in Austria, with a particular focus on the importance of detailed planning, timing, and legal compliance.

Legal Framework for Restructuring

When a company plans to lay off a significant portion of its workforce, it is crucial to be aware of the legal thresholds that trigger specific obligations, such as the "Early Warning System." These thresholds are determined by law and include the obligation to involve the Works Council early in the process and, in some cases, to create a social plan. Compliance with these legal requirements ensures a smooth process and mitigates potential risks.

Works Council Involvement and AMS Notification

A critical first step in workforce reduction is informing and consulting the Works Council. Under Austrian law, the employer must notify the Works Council before initiating any layoffs. The Works Council has the right to discuss alternatives to layoffs and propose measures to reduce the impact on employees. The timing and method of involving the Works Council are strictly regulated, and failure to consult them correctly may have an impact on the negotiations of a social plan.

Once the Works Council is informed, the employer must notify the Austrian Labor Market Service (AMS) about the planned layoffs. This notification is part of the Early Warning System, a legal requirement that applies when a company plans to lay off a certain number of employees. The AMS notification triggers a waiting period of 30 days before termination notices can be issued.

It is essential for employers to submit this notification in a timely manner. Failure to adhere to the legally required waiting period or to submit the AMS notification at all will result in the invalidity of the terminations.

Social Plan Requirements

In Austria, a social plan is required when a company plans to lay off a certain number of employees. The social plan is a works agreement between the employer and the Works Council that outlines measures to minimize the impact of layoffs, such as severance pay, job placement assistance, retraining programs, and other support mechanisms.

The requirement for a social plan is triggered when the workforce reduction exceeds specific thresholds, which can vary based on the size of the company.

Planning and Timing for International Restructurings

For multinational companies undergoing restructuring, timing and planning become even more critical. Different jurisdictions have different labor laws, and failure to comply with local regulations can delay the entire process and create unnecessary legal risks. A detailed and coordinated timeline is essential to ensure that all legal requirements are met in each country where layoffs are planned.

Employers should establish a clear schedule that accounts for the required consultation with Works Councils, the AMS notification, waiting periods, and negotiations for a social plan. By following a well-organized timeline, companies can ensure compliance with the relevant regulations and avoid unnecessary disruptions to the restructuring process.

Additional Notification to the Works Council on Individual Terminations

Beyond the initial consultation, employers must inform the Works Council about the individual terminations. This step also triggers an additional waiting period, which must be adhered to.

Failure to provide this information or to comply with the additional waiting period can lead to delays and the potential invalidation of the terminations.

Conclusion

In Austria, workforce restructuring is subject to strict labor laws that require employers to follow specific procedures to ensure compliance and avoid legal risks. Employers must consult with the Works Council, notify the AMS, and, when applicable, negotiate a social plan. For international restructurings, a coordinated plan and clear timeline are essential to comply with local regulations and avoid delays.

By following these steps and ensuring strict adherence to the legal requirements, employers can minimize the risk of legal disputes, maintain an efficient restructuring process, and successfully navigate the complexities of workforce reduction in Austria. Proper planning and attention to legal details will safeguard the company from unnecessary costs and complications.

Romania: The Ever-Growing Legislation on Workplace Harassment

By Mihai Anghel, Partner, Tuca Zbarcea & Asociatii

Over the past years, the legislation dealing with workplace harassment has significantly expanded, with new rules and obligations continuously being added, especially for employers. Anti-discrimination laws, equal opportunity frameworks, and harassment prevention policies have all been gradually enforced, shaping an extensive legal landscape meant to protect employees from abusive behaviors.

While ensuring a safe and respectful work environment is undoubtedly crucial, the volume thereof and improper corroboration among different pieces of legislation are becoming increasingly overwhelming. Employers and human resources professionals must constantly adjust their internal policies, update training materials, and ensure compliance with evolving requirements. Such a process demands significant resources, particularly for smaller businesses with limited capabilities.

Recently, *Government Decision no. 27/2025* broadened the employer's responsibilities, among others, by mandating that anonymous complaints be investigated, as long as they comprise information on workplace harassment. While such a requirement may be well-intended to protect employees against victimization, we cannot help but wonder how such complaints are to be handled fairly and effectively. Additionally, it remains unclear how employers can manage the risk of mean-spirited or plain false complaints submitted by the employees, now additionally protected by the shield of anonymity.

In our view, the current anti-harassment framework could have been improved in other areas, which the legislator has instead still left unaddressed. For instance, one notable issue existing since the adoption of *Government Decision no. 970/2023* is the lack of alignment between the procedures set out under the anti-harassment guide, on one hand, and the *Labor Code*, which establishes the disciplinary procedure, on the other hand.

Neither regulation explicitly refers to the other despite some steps of the harassment investigation process resembling the disciplinary route (e.g., a final report to be prepared after the investigation is ended, comprising the measures proposed to address the situation). Hence, in the absence of proper coordination, uncertainty arises about how workplace harassment investigations should effectively be integrated into the broader disciplinary framework to ensure that all the specific steps and timelines are abided by.

This raises the question of whether an employer's investigation of harassment allegations, as outlined in the guide, is intended to be a standalone process that precedes any potential disciplinary action or whether the disciplinary procedure can be incorporated into the harassment investigation itself. Without clear legislative coordination, employers struggle to determine whether they must apply both procedures separately or if a unified approach is permissible.

It should be noted that failure by the employer to comply with the timeframes and mandatory procedural steps generally results in the annulment of its actions in court, regardless of whether the measures are factually justified. The stakes are therefore high, as non-compliance does not merely create procedural confusion for employers but can also lead to legal challenges, reinstatements, or liability for damages, ultimately undermining the very purpose of addressing workplace harassment effectively.

Separately, adding to the already complex framework, the Ministry of Labor has recently initiated a new legislative project aiming to supplement the *Labor Code* with additional workplace harassment provisions.

Although various legal enactments already provide multiple definitions of workplace harassment – definitions that are not entirely consistent, not even at this moment – the new legislative proposal introduces yet another one, which also fails to align with the existing ones. To be more precise, while the current guide under *Government Decision no. 970/2023* defines harassment as involving multiple or repetitive incidents, the legislative proposal states that harassment is unacceptable regardless of whether it occurs repeatedly or as a single, isolated act.

While the draft is still in its early stages, it signals yet another layer of regulation in an already dense legal landscape, likely to create even more confusion if adopted in the current version.

In conclusion, while the intention behind workplace harassment laws is commendable, the increasing complexity and volume of regulations create practical challenges. Striking a balance between employee protection and realistic implementation should be the priority. Without careful consideration, we risk creating a system that prioritizes bureaucracy over actual workplace safety and well-being. Instead, legislators should focus on ensuring that existing regulations are consistent so as to facilitate their effective implementation rather than continuously expanding them.

Otherwise, one cannot help but question whether these additional regulations genuinely enhance workplace safety or merely add another layer of bureaucratic burden for everyone involved. ●

Latvia: Termination of Employment Relationships for a Labor Union Member – Current Regulation, Planned Amendments, and Case Law

By Liene Pommere, Head of Labor, and Kristine Pulkstene, Senior Lawyer, Widen

In Latvia, the termination of employment relationships for labor union members is specifically regulated to protect their rights. However, in practice, this regulation creates significant challenges for employers, as labor unions almost always refuse to grant consent for dismissal.

To address these issues, significant amendments to the *Labor Law* are being planned, which could shift the balance of power between employers and labor unions. At the same time, the Supreme Court has issued a ruling on this matter, which impacts future practice.

Current Regulation and Practical Issues

Under Article 110 of the *Labor Law*, an employer requires a labor union's consent to dismiss an employee who has been a member of a labor union for at least six months. Exceptions apply in specific cases, such as termination during probation, intoxication at work, health-related incapacity, and company liquidation. However, these exceptions do not cover common reasons like misconduct or redundancy. In practice, labor unions almost always reject termination requests, even when the employer provides justified reasons. Furthermore, labor unions are not required to provide any explanation for their refusal. As a result, the only option to terminate the employment agreement is to file a lawsuit within a month of receiving the labor union's response. This leads to prolonged litigation, during which the employee may continue to receive their salary, imposing a financial burden on businesses.

This system, intended to ensure oversight and find the most beneficial solution in an out-of-court procedure, often fails, as some labor unions misuse their authority to block termination, even when justified.

Planned Amendments to the Labor Law

The Ministry of Welfare, in collaboration with social partners, has drafted amendments to the *Labor Law* to improve employment regulations, trying to ensure a fair and adaptable response to labor market changes. Among other things, the changes would allow employers to terminate an employment contract with a labor union member without union consent in redundancy cases. Additionally, labor unions would be required to provide a reasoned explanation if they object to a termination in those instances where consent would be required.

In our view, the current regulations are disproportionately restrictive and may discourage foreign investors from establishing operations in Latvia. Therefore, such regulatory changes could have positively impacted investment attraction, as foreign investors tend to prefer countries with more flexible labor law regulations. Compared to Estonia and Lithuania, Latvia has the strictest dismissal regulations, as highlighted by the International Monetary Fund in its 2024 report and the OECD.

At present, the draft law has only completed the public consultation stage. We also contributed to the initiative through the Latvian Chamber of Commerce and Industry, which actively participates in legislative processes, representing the interests of businesses.

Case Law

The Supreme Court issued a decision on June 17, 2024 (case *No. SKC-410/2024*), assessing a labor union's refusal to grant termination consent while inviting dialogue. Among other things, the Court ruled that an employer engaging in good-faith dialogue with labor unions within a reasonable timeframe not be deprived of the right to seek legal protection in court once discussions fail.

The ruling clarifies that an employer's lawsuit deadline begins only after a union's absolute refusal, not merely from initial communication. This ensures protection for employers acting in good faith while preserving their ability to seek legal recourse if negotiations prove unproductive.

Conclusion

The current requirements for labor union consent complicate dismissals, making the process lengthy and costly while often failing to achieve its original purpose. The Supreme Court's ruling reinforces the importance of fair dialogue while providing legal clarity on dismissal procedures.

The proposed amendments could improve the situation by ensuring a more balanced approach between employer and employee interests, allowing employers to effectively exercise their rights to implement urgent and necessary company changes. Additionally, these amendments would help employers understand labor union refusal reasons and adjust their actions accordingly. Such changes would also make Latvia more attractive to foreign investors seeking to establish business operations in the country.

As legislative discussions continue, these developments could lead to a more effective and equitable labor market framework in Latvia.

Serbia: The Right of Employees to Compensation for Commuting Costs in Light of New Challenges

By Ivana Ruzicic, Managing Partner, and Borinka Dobrnjac, Senior Associate, PR Legal

The year 2025 began with a development that raised important questions regarding the interpretation of the *Serbian Labor Law*, specifically concerning employees' right to compensation for commuting costs.

According to the law, employees are entitled to reimbursement for commuting costs, at a minimum equal to the cost of a public transportation ticket, unless the employer provides their own transportation.

Since January 1, 2025, public transportation in Belgrade has become free for all users, which raised the question of whether employees still have the right to compensation for commuting costs, especially those using public transportation.

This situation has prompted discussions among legal experts and employers seeking advice on the matter.

The Right to Compensation for Commuting Costs

The legal framework on commuting costs remains unchanged, and employers are still obligated to reimburse employees for commuting costs unless they provide their own transportation (e.g., a bus). The law specifies a minimum reimbursement equal to the cost of a public transportation ticket.

If an employer wants to reimburse employees for actual commuting costs (e.g., fuel costs for using a personal car) or a higher amount than the legally required minimum, this must be addressed in the employment contract or the employer's general act.

The right to compensation for commuting costs does not obligate employees to use public transportation, but with the new development, the scope of this right can no longer be determined as it was in the past.

Employees who previously used public transportation will no longer have commuting costs, but legal practice has previously acknowledged that employees are entitled to compensation even when no costs are incurred.

Court Practice and Ministry's Stance on Commuting Costs

Over the years, the court practice and the views of the Ministry of Labor have been inconsistent regarding the right to compensation for commuting costs.

Some views suggest employees are entitled to compensation regardless of whether the costs were actually incurred (regardless of the distance, even in cases of walking to and from work), while others argue that employees should not receive compensation if no costs were incurred, to prevent abuse (in cases where, based on a reasonable assessment, it would be obviously unjustified, as well as in cases of absence from work due to any legal grounds, such as annual leave or temporary incapacity for work).

In relation to the specific situation, the Ministry confirmed at the end of January 2025 that commuting costs, if no transportation is provided, must be reimbursed and that the basis for reimbursing these costs is the amount of the last reimbursement paid for this purpose, prior to the new situation.

Conclusion

The reimbursement of commuting costs represents compensation for actual damages, as defined by the *Serbian Law on Obligations*. This compensation applies when there is a reduction in an employee's property due to commuting expenses.

However, in cases where no actual costs are incurred, the very right to compensation could be questioned.

Despite this, current practice implies that employers must continue to reimburse for these costs unless they provide their own transportation.

Further clarification is expected from the Ministry of Finance on how this reimbursement should be treated for tax purposes, considering the recent changes.

Ultimately, this situation underscores the need to reconsider the current legal framework for commuting cost compensation. ●

Ukraine: Top 5 Practical Problems of Transfer of Undertaking Rules

By Inesa Letych, Co-Head of Employment Practice, Asters

It has been almost a year since Ukraine introduced rules regarding the protection of employees in the case of a transfer of a business entity to its *Labor Code* in accordance with *Law No. 3677-IX* (Rules). The Rules entered into force on May 15, 2024, and aimed at approximating national legislation to the *Transfers of Undertakings Directive 2001/23/EC* of March 12, 2001. Even though local businesses continue testing this new legislation in practice, the area still remains *terra incognita* for many practitioners. Now that some time has passed, it is possible to summarize the major practical imperfections of the Rules.

1. The Rules Apply to the Transfer of Shares Rather Than to the Transfer of Workplaces

The transfer of undertaking under the Rules covers instances of the transfer of shares or participatory interests in Ukrainian companies, even if the employer remains the same after the transfer. This implies that almost every M&A transaction involving a change of ownership in local companies necessitates the performance of information and consultation procedures. Unfortunately, there is no minimum ownership threshold, meaning that even the transfer of one share will formally require arranging consultations.

2. Public Joint-Stock Companies Are Not Excluded

The Rules apply to cases of a change of ownership of any Ukrainian entity, irrespective of its legal form. There are no exceptions for companies where it is not possible to plan the change of shareholders, such as public joint-stock companies, whose shares are publicly tradable. In such cases, it is practically impossible to comply with all the requirements of the Rules, particularly regarding the 10-day prior notice to employee representatives.

3. The Rules Cover Agency Workers

The Rules do not provide for any exclusions with regard to agency workers. In the case of a change of ownership of an agency that acts as an employer of record for the staff of its clients, the agency will be required to arrange consultations with such employees. Paradoxically, if there are any changes in the ownership structure of the company that engages workers through an employer of record, there will be no need to hold consultations with these employees.

4. The Rules Do Not Apply to Transactions Between Individuals

Surprisingly, the Rules only apply to cases of a change of ownership of Ukrainian companies if the current and prospective owners are legal entities. This conclusion follows from the definitions of the transferor and transferee, both of which are defined as legal entities. This means that consultations and other obligations under the Rules do not apply if the transaction occurs between individuals.

5. Absence of Consequences for Non-Compliance with the Rules

Ukrainian legislation does not reference any consequences for non-compliance with the Rules. This makes it difficult for the parties to manage possible risks if full compliance with the Rules is not feasible – for instance, if one of the parties to the transaction is unwilling to disclose some information to the employees.

At the same time, the employee protection mechanisms under the Rules are considerably burdensome for M&A deals. In particular, the seller and the buyer of shares in the target entity must reserve time for employee consultations before closing the transaction and disclose a number of facts to the employees despite the confidentiality preferences of the parties. In addition, for the majority of Ukrainian entities, it is not common practice to have employee representatives, resulting in the need to communicate information about the future deal to each employee personally.

As a consequence, in many cases, this leads to ignorance of the Rules in M&A transactions due to their excessive complexity and lack of implications in case of non-compliance.

In conclusion, the Rules appear to be far from perfect, and their practical implementation reveals even more practical problems. Currently, Ukraine is on the doorstep of a major reform of its labor legislation and expects the adoption of a new *Labor Code*. There is hope that improving the transfer of undertaking rules will be part of this reform. ●

North Macedonia: Outsourcing – Employment Issues

By Gjorgji Georgievski, Partner, Dzena Anastasova, Associate, and Mila Kostic, Junior Associate, ODI Law

Outsourcing involves a transfer by a business (customer) to a third party (supplier) of the operational responsibility for the provision of a distinct business function, process, or service. Given the inherent transfer of responsibility, many outsourcing arrangements involve a transfer to the supplier of those employees who were engaged by the customer in the activity that is being outsourced. Macedonian law does not specifically regulate outsourcing transactions. Nonetheless, the *Macedonian Law on Labor Relations 2005* (Labor Law) is harmonized with the *EU Transfer of Undertakings Protection of Employment Directive 2001/23/EC of 12 March 2001* (TUPE) and, therefore, applies to the transfer of employees both on the initial outsourcing and on any subsequent or second-generation outsourcing.

Like TUPE, the main effect of the Labor Law is the transfer of employment contracts of employees involved in outsourced functions to the supplier. Broadly, the objective of the Labor Law is to preserve the continuity of employment and terms and conditions of those employees who are transferred to a new employer on an outsourcing basis. This means that employees employed by the customer when the outsourcing takes effect should become employees of the supplier on the same terms and conditions. However, many questions arise during the process, including which employees are employed in the undertaking, what happens to those who choose not to transfer or are to be made redundant, what happens when the outsourced services are to be offshored, and what liabilities are retained or transferred.

According to the Labor Law, when a company's activities, parts of its operations, or specific tasks are transferred from the previous employer (transferor) to a new employer (transferee), all rights and obligations arising from existing employment relationships are fully transferred to the transferee. The Labor Law specifies that the "tasks or activities" covered under this provision include those related to production, service delivery, or other similar functions performed by legal or natural persons at designated locations. Additionally, regardless of the legal basis for such a transfer and the transfer of ownership rights, the transferee is regarded as a legal or physical person who continues to perform the tasks or activities of the previous employer or similar tasks or activities for a period of at least one year.

All employees involved in the activities being transferred from the transferor to the transferee must be transferred to the transferee. However, this transfer is not automatic – both the transferor and the transferee must take specific steps to implement it in accordance with Labor Law.

The transferor and transferee must notify and consult with the affected employees about the planned outsourcing at least 30 days before the transfer takes place. This advance notice gives employees enough time to make informed decisions regarding their continued employment. Consultations should be carried out through employee representatives or trade union organizations, or directly with employees if no representatives are available. The purpose of these consultations is to discuss any planned measures that may impact employees, including the proposed transfer date and the legal, economic, and social implications for them.

The transfer of employees does not, in itself, justify the termination of their employment unless there are economic, technical, or organizational reasons that necessitate changes in the workforce. However, employees who refuse to transfer to the transferee may have their employment terminated on these grounds, and they will be entitled to severance pay. In any case, the transferor must notify the Macedonian Employment Agency of its intention to transfer or terminate the employment of all affected employees due to redundancy. The transferor also must provide the affected employees a formal termination notice along with an offer for transfer to the new employer. The employees must have at least 15 days to provide their responses on whether they accept to transfer or not.

Employees, employee representatives, or trade union organizations can seek judicial protection in the event of a violation of the Labor Law. Employers who fail to comply with their obligations under the Labor Law may face penalties ranging from EUR 500 to EUR 3,000, depending on the size of the business. Additionally, the legal representatives of these employers may incur fines between EUR 250 and EUR 400. ●

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